

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant / /
Filed by a Party other than the Registrant / /

Check the appropriate box:
/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule
14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section 240.14a-11(c) or
Section 240.14a-12

ROLLINS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(1)
and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the
filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

/ / Fee paid previously with preliminary materials.
/ / Check box if any part of the fee is offset as provided by Exchange Act Rule
0-11(a)(2) and identify the filing for which the offsetting fee was paid
previously. Identify the previous filing by registration statement number,
or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[LOGO]

ROLLINS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
2170 PIEDMONT ROAD, N.E., ATLANTA, GEORGIA 30324

TO THE HOLDERS OF THE COMMON STOCK:

PLEASE TAKE NOTICE that the 1999 Annual Meeting of Stockholders of Rollins, Inc., a Delaware corporation (the "Company"), will be held at the Company's offices located at 2170 Piedmont Road, N.E., Atlanta, Georgia on Tuesday, April 27, 1999, at 9:30 A.M., or any adjournment thereof, for the following purposes:

- (a) To elect three Class I directors to the Board of Directors;
- (b) To transact such other business as may properly come before the meeting or any adjournment thereof.

The Proxy Statement dated March 26, 1999, is attached.

The Board of Directors has fixed the close of business on February 26, 1999, as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

Stockholders who do not expect to be present at the meeting are urged to complete, date, sign, and return the enclosed proxy. No postage is required if the enclosed envelope is used and mailed in the United States.

BY ORDER OF THE BOARD OF DIRECTORS

Atlanta, Georgia
 March 26, 1999

PROXY STATEMENT

The following information concerning the enclosed proxy and the matters to be acted upon at the Annual Meeting of Stockholders to be held on April 27, 1999, is submitted by the Company to the stockholders for their information.

SOLICITATION OF AND POWER TO REVOKE PROXY

A form of proxy is enclosed. Each proxy submitted will be voted as directed, but if not otherwise specified, proxies solicited by the Board of Directors of the Company will be voted in favor of the candidates for election to the Board of Directors.

This Proxy Statement and a form of proxy were first mailed to stockholders on or about March 26, 1999. A stockholder executing and delivering a proxy has power to revoke the same and the authority thereby given at any time prior to the exercise of such authority, if he so elects, by contacting either proxyholder.

CAPITAL STOCK

The outstanding capital stock of the Company on February 26, 1999 consisted of 30,479,785 shares of Common Stock, par value \$1.00 per share. Holders of Common Stock are entitled to one vote (non-cumulative) for each share of such stock registered in their respective names at the close of business on February 26, 1999, the record date for determining stockholders entitled to notice of and to vote at the meeting or any adjournment thereof.

A majority of the outstanding shares will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. In accordance with General Corporation Law of the state of Delaware, the election of the nominees named herein as Directors will require the affirmative vote of a plurality of the votes cast by the shares of Company Common Stock entitled to vote in the election provided that a quorum is present at the Annual Meeting. In the case of a plurality vote requirement (as in the election of directors), where no particular percentage vote is required, the outcome is solely a matter of comparing the number of votes cast for each nominee, and hence only votes for director nominees (and not abstentions or broker non-votes) are relevant to the outcome.

The names of the executives named in the Summary Compensation Table and the name and address of each stockholder who owned beneficially five percent (5%) or more of the shares of Common Stock of the Company on February 26, 1999, together with the number of shares so owned and the percentage of outstanding shares that ownership represents, and information as to Common Stock ownership of the executive officers and directors of the Company as a group (according to information received by the Company) is set out below:

<TABLE>
 <CAPTION>

| OF | AMOUNT | PERCENT |
|---|----------------|---------|
| OUTSTANDING | BENEFICIALLY | |
| NAME AND ADDRESS OF BENEFICIAL OWNER | OWNED (1) | SHARES |
| ----- | | |
| <S> | <C> | <C> |
| R. Randall Rollins..... 2170 Piedmont Road, N.E. Atlanta, Georgia | 13,784,054 (2) | 45.2 |
| Gary W. Rollins..... 2170 Piedmont Road, N.E. Atlanta, Georgia | 14,327,621 (3) | 47.0 |

<TABLE>
 <CAPTION>

| OF | AMOUNT | PERCENT |
|--------------------------------------|--------------|---------|
| OUTSTANDING | BENEFICIALLY | |
| NAME AND ADDRESS OF BENEFICIAL OWNER | OWNED (1) | SHARES |
| ----- | | |
| <S> | <C> | <C> |

| | | |
|---|----------------|------|
| Mario Gabelli..... One Corporate Center Rye, New York 10020 | 5,914,225 (4) | 19.4 |
| Michael W. Knottek..... | 500 (5) | -- |
| Harry J. Cynkus..... | 500 (6) | -- |
| All Directors and Executive Officers as a group (9 persons)..... | 15,410,247 (7) | 50.6 |

</TABLE>

-
- (1) Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.
- (2) Includes 29,878 shares of the Company held as Trustee, Guardian, or Custodian for his children or as custodian for the children of his brother, Gary W. Rollins. Also includes 2,079,700 shares of the Company held in five trusts of which he is a Co-Trustee and as to which he shares voting and investment power. Does not include 59,637* shares of the Company held by his wife. Also includes 10,419,000 shares owned by LOR, Inc. Mr. Rollins is an officer, director and stockholder of LOR, Inc. Also includes 432,000 shares owned by The Rollins Holding Company. Mr. Rollins is an officer, director and stockholder of Rollins Holding Company, Inc. Also includes 683,288 shares owned by Mr. O. Wayne Rollins' Estate. Mr. Rollins is the Co-Executor and Co-Trustee of this estate. Also includes 50,010 shares owned by the RWR Investment Partnership, a Georgia limited partnership, of which Mr. Rollins is the sole general partner.
- (3) Includes 288,072 shares of the Company held as Custodian for the grandchildren of his brother, R. Randall Rollins, and 2,046,100 shares of the Company in five trusts of which he is Co-Trustee and as to which he shares voting and investment power. Does not include 64,350* shares of the Company held by his wife. Also includes 10,419,000 shares owned by LOR, Inc. Mr. Rollins is an officer, director and stockholder of LOR, Inc. Also includes 432,000 shares owned by The Rollins Holding Company. Mr. Rollins is an officer, director and stockholder of Rollins Holding Company, Inc. Also includes 683,288 shares owned by Mr. O. Wayne Rollins' Estate. Mr. Rollins is the Co-Executor and Co-Trustee of this estate.
- (4) Based upon information received by the Company, an aggregate of 5,914,225 shares of Company Common Stock are beneficially owned by Mario Gabelli and entities controlled directly or indirectly by Mario Gabelli as follows: GAMCO Investors, Inc., 4,153,225 shares; Gabelli Funds, Inc., 1,722,000 shares; Gemini Capital Management Ltd., 35,000 shares and Mr. Mario Gabelli, 4,000 shares. GAMCO Investors, Inc. does not have authority to vote 148,500 shares of the total 4,153,225 held. Several of these entities share voting and disposition powers with respect to the shares of Company Common Stock held by them.
- (5) Mr. Knottek owns less than 1% of outstanding shares. This does not include options to purchase 8,000 shares that become exercisable on April 28, 1999.
- (6) Mr. Cynkus owns less than 1% of outstanding shares. This does not include options to purchase 3,000 shares that become exercisable on April 28, 1999.
- (7) Shares held in trusts as to which more than one officer and/or director are Co-Trustees have been included only once. These shares include shares held by LOR, Inc. and Rollins Holding Company.
- * Messrs. R. Randall Rollins and Gary W. Rollins disclaim any beneficial interest in these holdings.

3
ELECTION OF DIRECTORS

Three individuals are to be elected at the Annual Meeting to serve as Class I directors for a term of three years, and until the election and qualification of their successors. Four other individuals serve as directors but are not standing for re-election because their terms as directors extend past this Annual Meeting pursuant to provisions of the Company's Bylaws which provide for the election of directors for staggered terms, with each director serving a three year term. Unless authority is withheld, the proxy holders will vote for the election of the first three persons named below to three-year terms as directors. Although Management does not contemplate the possibility, in the event any nominee is not a candidate or is unable to serve as director at the time of the election, unless authority is withheld, the proxies will be voted for any nominee who shall be designated by the present Board of Directors to fill such vacancy.

The name and age of each of the three nominees, their principal occupations, together with the number of shares of Common Stock beneficially owned, directly or indirectly, by each nominee and the percentage of outstanding shares that

ownership represents, all as of the close of business February 26, 1999, (according to information received by the Company) are set out below. Similar information is also provided for those directors whose terms expire in future years.

<TABLE>
<CAPTION>

| SHARES | PERCENT OF | | SERVICE AS | OF |
|--------------------------------|--|--------------------------|------------|-------|
| COMMON | OUTSTANDING | PRINCIPAL OCCUPATION (1) | DIRECTOR | AGE |
| NAME | SHARES | | | STOCK |
| (2) | | | | |
| <S> | <C> | | <C> | <C> |
| <C> | | | | |
| CLASS I (TERM EXPIRES 2002) | | | | |
| R. Randall Rollins (3) | Chairman of the Board and Chief Executive Officer of the | 1968 to date | 67 | |
| 13,784,054 (4) | 45.2 Company; Chairman of the Board, Chief Executive Officer of RPC, Inc. (oil and gas field services and boat manufacturing) | | | |
| Henry B. Tippie | Chairman of the Board and Chief Executive Officer of Tippie | 1960 to 1970; | 72 | |
| 1,244,750 (5) | 4.1 Services, Inc. (management services); Chairman of the Executive Committee and Vice Chairman of the Board of Rollins Truck Leasing Corp. (vehicle leasing and transportation); Chairman of the Executive Committee of Matlack Systems, Inc. (bulk trucking and terminaling); Vice Chairman of the Board of Dover Downs Entertainment, Inc. (operator of multi-purpose gaming and entertainment complex) (since October 1996) | 1974 to date | | |
| James B. Williams | Chairman of the Executive Committee of SunTrust Banks, Inc. | 1978 to date | 65 | |
| 20,000 | * (bank holding company) | | | |

</TABLE>
4
<TABLE>
<CAPTION>

| SHARES | PERCENT OF | | SERVICE AS | OF |
|----------------------------------|---|--------------------------|------------|-------|
| COMMON | OUTSTANDING | PRINCIPAL OCCUPATION (1) | DIRECTOR | AGE |
| NAME | SHARES | | | STOCK |
| (2) | | | | |
| <S> | <C> | | <C> | <C> |
| <C> | | | | |
| CLASS II (TERM EXPIRES 2000) | | | | |
| John W. Rollins (3) | Chairman of the Board and Chief Executive Officer of Rollins | 1948 to date | 82 | |
| 15,510 (6) | * Truck Leasing Corp. (vehicle leasing and transportation); Chairman of the Board of Dover Downs Entertainment, Inc. (operator of multi-purpose gaming and entertainment complex) (since October 1996) | | | |
| Gary W. Rollins (3) | President and Chief Operating Officer of the Company (since | 1981 to date | 54 | |
| 14,327,621 (7) | 47.0 1984) | | | |
| CLASS III (TERM EXPIRES 2001) | | | | |
| Wilton Looney | Honorary Chairman of the Board of Genuine Parts Company | 1975 to date | 79 | |
| 1,500 | * (automotive parts distributor) | | | |
| Bill J. Dismuke | Retired President of Edwards Baking Company (manufacturing of | 1984 to date | 62 | |
| 900 | * baked pies and pie pieces) | | | |

(1) Except as noted, each of the Directors has held the positions of responsibility set out in this column (but not necessarily his present title) for more than five years. In addition to the directorships listed in

this column, the following individuals also serve on the Boards of Directors of the following companies: John W. Rollins: Matlack Systems, Inc. and Safety-Kleen Corporation; Henry B. Tippie: Safety-Kleen Corporation; James B. Williams: The Coca-Cola Company, Genuine Parts Company, Sonat Inc., and Georgia-Pacific Corp.; Gary W. Rollins: Rollins Truck Leasing Corporation; R. Randall Rollins: SunTrust Banks, Inc., SunTrust Banks of Georgia, and Dover Downs Entertainment, Inc. All persons named in the above table, other than Bill J. Dismuke, are also directors of RPC, Inc.

- (2) Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.
- (3) R. Randall Rollins and Gary W. Rollins are brothers. John W. Rollins is their uncle.
- (4) (See information contained in footnote (2) to the table appearing in Capital Stock section.)
- (5) Includes 909,750** shares of Common Stock of the Company in five trusts of which he is Co-Trustee and as to which he shares voting and investment power, 5,000** shares in a trust of which he is the sole Trustee, and 10,000 shares in a partnership which he has voting right for 10,000 shares but beneficial partnership interest of 100 shares. Does not include shares of Common Stock of the Company owned by Rollins Holding Company, an interest in which is indirectly held by a trust of which Mr. Tippie is a Co-Trustee but not a beneficiary, and 300** shares held by his wife.
- (6) Does not include 1,750** shares held by his wife as custodian for his children.
- (7) (See information contained in footnote (3) to the table appearing in Capital Stock section.)

* Less than .1% of outstanding shares.

** Messrs. John W. Rollins and Henry B. Tippie disclaim any beneficial interest in these holdings.

5

BOARD OF DIRECTORS COMPENSATION, COMMITTEES AND MEETINGS

During 1998, non-employee Directors received \$750 for each Board of Directors or committee meeting they attended, plus \$10,000 per year, from the Company.

The Audit Committee of the Board of Directors of the Company consists of Henry B. Tippie, Chairman; Wilton Looney; and James B. Williams. The Audit Committee had two meetings during the year ended December 31, 1998. Its functions are to select a firm of certified public accountants whose duty it is to audit the books and accounts of the Company and its subsidiaries for the fiscal year for which they are appointed and to monitor the effectiveness of the audit efforts and the Company's financial and accounting organization and financial reporting. The Compensation Committee of the Board of Directors of the Company consists of Henry B. Tippie, Chairman; Wilton Looney; and James B. Williams. The Compensation Committee had two meeting during the year ended December 31, 1998. The function of the Compensation Committee is to review the Company's executive compensation structure and recommend to the Board any changes to insure continued effectiveness. It also administers the Rollins, Inc. 1994 and 1998 Employee Stock Incentive Plans. The Board of Directors met, or took action by way of unanimous consent, five times during the year ended December 31, 1998. No Director attended fewer than 75% of the board meetings and meetings of committees on which he served during 1998. The Company does not have a nominating committee of the Board of Directors.

REPORT OF THE COMPENSATION COMMITTEE AND THE PERFORMANCE GRAPH

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN ANY OF THE COMPANY'S FILINGS UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, THAT MIGHT INCORPORATE COMPANY FILINGS, INCLUDING THIS PROXY STATEMENT, IN WHOLE OR IN PART, THE FOLLOWING REPORT AND THE PERFORMANCE GRAPH SHALL NOT BE INCORPORATED BY REFERENCE INTO ANY SUCH FILINGS.

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

During fiscal year 1998, the members of the Compensation Committee of the Board of Directors held primary responsibility for determining executive compensation levels. The Compensation Committee is comprised of outside directors who are not eligible to participate in the Company's compensation plans and over whose name this report is presented.

The Company is engaged in a highly competitive industry. The actions of the executive officers have a profound impact on the short-term and long-term profitability of the Company; therefore, the design of the executive officer compensation package is very important. In order to retain key employees, the Company has an executive compensation package that is driven by an increase in

shareholder value, the overall performance of the Company, and the individual performance of the executive. The measures of the Company's performance include sales revenue and net income.

Pursuant to the above compensation philosophy, the three main components of the executive compensation package are base salary, a cash incentive plan, and stock-based incentive plans.

The factors subjectively used in determining base salary include the recent profit performance of the Company, the magnitude of responsibilities, the scope of the position, individual performance and the pay received by peers in similar positions in the same geographic area. These factors are not used in any specific formula or weighting. The salaries of the Named Executives, are reviewed annually. Only two individuals were eligible to receive a raise in 1998 because each had greater than one year of service. One received a raise in 1998 that was based on his individual performance and overall departmental improvements. The other did not receive a raise because the current salary was deemed appropriate given the profits of the Company in 1998.

The annual cash incentive compensation package for the non-Director Named Executives is developed by the Chief Executive Officer of the Company prior to the end of each fiscal year. It is based upon

6

performance objectives for the ensuing fiscal year. The specific performance objectives relate to each executive improving the contribution of his functional area of responsibility to further enhance the earnings of the Company. These performance objectives and incentive package are then reviewed by the Compensation Committee and either accepted, amended or modified. Both of the Named Executives participating in this Plan earned a small discretionary bonus during 1998 as a result of improvements in departmental function and progress made toward the Company's strategic objectives. The Chief Executive Officer and the Chief Operating Officer do not participate in this cash incentive plan.

Awards under the Company's Stock Option Plans are purely discretionary, and are not based upon any specific formula and may or may not be granted in any given fiscal year. When considering the grant of stock options, the Compensation Committee gives consideration to the overall performance of the Company and the performance of individual employees. The Chief Executive Officer, R. Randall Rollins, and the Chief Operating Officer, Gary W. Rollins, maintain a significant ownership interest in the Company and were, therefore, not considered for grants in 1998 under the 1994 or 1998 Employee Stock Incentive Plan. Grants are made under the Plans and the Plans are administered by non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. During the fiscal year 1998, the non-Director Named Executives were granted a total of 55,000 Incentive Stock Options. In general, these grants were based upon the scope of the position and the individual performance of each individual.

The Committee thinks it unlikely that any participants in the Company's stock plans will, in the foreseeable future, receive in excess of \$1 million in aggregate compensation (the maximum amount for which an employer may claim a compensation deduction pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, unless certain performance related compensation exemptions are met) during any fiscal year, and has, therefore, determined that since the exemption requirement does not apply, the Company will not change its various compensation plans, or otherwise meet the requirements of such exemption, at this time.

CEO COMPENSATION

The CEO's compensation is determined by the Compensation Committee. For fiscal year 1998, the cash compensation for R. Randall Rollins was \$457,632. This represents the total compensation for Mr. Rollins, no portion of which was in performance driven bonuses or stock based incentive plans. The CEO's compensation is based upon the long-term growth in the Company's net income, shareholder value improvements, as well as, the CEO's individual performance. The decision of the Compensation Committee is, however, subjective and is not based upon any specific formula or guidelines. The CEO does not participate in the deliberations of the Compensation Committee when his salary is determined. Neither the CEO nor any other member of the Compensation Committee participates in any Company incentive program.

Henry B. Tippie, Chairman
Wilton Looney
James B. Williams

PERFORMANCE GRAPH

As part of the executive compensation information presented in this Proxy Statement, the Securities and Exchange Commission requires a five year comparison of the cumulative total stockholder return based on the performance of the stock of the Company as compared with both a broad equity market index and an industry or peer group index. The indices included in the following graph are the S&P 500 Index and the S&P 500 Commercial Services Index.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN*

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>
<CAPTION>

| Years | ROLLINS, INC | S&P 500 | S&P COMMERCIAL SVCS |
|-------------|------------------|------------------|---------------------------|
| <S> 1993 | <C> \$ 100.00 | <C> \$ 100.00 | <C> \$ 100.00 |
| 1994 | \$ 86.53 | \$ 101.32 | \$ 92.03 |
| 1995 | \$ 84.75 | \$ 139.40 | \$ 124.30 |
| 1996 | \$ 78.75 | \$ 171.40 | \$ 128.37 |
| 1997 | \$ 82.15 | \$ 228.59 | \$ 176.13 |
| 1998 | \$ 72.83 | \$ 293.91 | \$ 177.47 |

ASSUMES INITIAL INVESTMENT OF \$100

*TOTAL RETURN ASSUMES REINVESTMENT OF DIVIDENDS

NOTE: TOTAL RETURNS BASED ON MARKET CAPITALIZATION

</TABLE>

*Assumes reinvestment of dividends.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The following directors serve on the Company's Compensation Committee: Henry B. Tippie, Wilton Looney, and James B. Williams. None of these individuals are employees of the Company. No executive officer of the Company serves on a Compensation Committee of another company. R. Randall Rollins, an executive of the Company, serves on the Board of Directors of both SunTrust Banks, Inc. and SunTrust Banks of Georgia, a subsidiary of SunTrust Banks, Inc. Mr. Williams is the Chairman and Chief Executive Officer of SunTrust Banks, Inc. Mr. Rollins is not on the Compensation Committee of either SunTrust Banks of Georgia or SunTrust Banks, Inc. Rollins, Inc. maintains a significant banking relationship with SunTrust Banks of Georgia. All banking services provided by SunTrust Banks of Georgia are priced at market-competitive rates.

EXECUTIVE COMPENSATION

Shown below is information concerning the annual and long-term compensation for services in all capacities to the Company for the calendar years ended December 31, 1998, 1997 and 1996, of those persons who were, at December 31, 1998 (i) the chief executive officer and (ii) the other most highly compensated executive officers of the Company whose total annual compensation exceeded \$100,000 ("the Named Executives"):

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

| -- ALL OTHER COMPENSATION NAME AND PRINCIPAL POSITION (1) | LONG-TERM COMPENSATION AWARDS | | | | |
|---|-------------------------------|-----------|-------|-----------------|--|
| | ANNUAL COMPENSATION | | | RESTRICTED | SECURITIES |
| | YEAR | SALARY | BONUS | STOCK AWARDS | UNDERLYING OPTIONS (#) LTIP PAYOUTS (3) |
| <S> <C> | <C> | <C> | <C> | <C> | <C> |
| R. Randall Rollins..... \$ 1,920 Chairman of the Board & Chief Executive Officer 1,920 | 1998 | \$457,632 | \$ -- | -- | -- |
| | 1997 | 459,018 | -- | -- | |
| | 1996 | 460,057 | -- | -- | |
| 1,800 | | | | | |
| Gary W. Rollins..... \$ 1,920 | 1998 | \$797,908 | -- | -- | -- |

| | | | | | | |
|---|------|-----------|----------|----------|--------|---------|
| President & Chief Operating Officer 1,920 | 1997 | 798,208 | -- | | | |
| | 1996 | 798,208 | | | | |
| 1,800 | | | | | | |
| Michael W. Knottek..... \$ 1,920 | 1998 | \$192,560 | \$15,000 | | 40,000 | |
| Vice President Corporate Administration, Secretary 0 | 1997 | 70,759 | -- | | -- | |
| Harry J. Cynkus..... \$ 0 | 1998 | \$114,548 | \$10,500 | | 15,000 | |
| Chief Financial Officer, Treasurer | | | | | | |
| Gene L. Smith (2)..... \$15,972 | 1998 | \$176,706 | -- | -- | -- | -- |
| Former Chief Financial Officer 1,920 | 1997 | 165,316 | -- | \$21,175 | 6,500 | \$5,129 |
| | 1996 | 164,620 | -- | | | |
| 1,800 </TABLE> | | | | | | |

(1) Effective October 1, 1983, the Company adopted the Rollins 401(k) Plan ("401(k) Plan"), a qualified retirement plan designed to meet the requirements of Section 401(k) of the Internal Revenue Code. The 401(k) Plan provides for a matching contribution of forty cents (\$.40) for each one dollar (\$1.00) of a participant's contribution to the 401(k) Plan, not to exceed 3 percent of his or her annual compensation (which includes commissions, overtime and bonuses). A participant's voluntary pre-tax salary deferrals made under the 401(k) Plan are in lieu of payment of compensation to the participant. The amounts shown in this column, with the exception of Gene Smith for 1998 (see footnote 2), represent the Company match for the Named Executives.

(2) Gene Smith separated from service as of May 1998. The 1998 salary listed includes regular salary, vacation pay and separation pay. The amount noted in the "Other Compensation" column represents the value of stock appreciation rights (SAR) which matured on July 28, 1998 as part of Mr. Smith's separation arrangement.

(3) This value represents the portion of shares that were vested pursuant to Mr. Smith's 1997 grant of 1,100 shares of Performance Restricted Stock. 20% of these shares vested when the share price of the Rollins, Inc. Stock closed above \$22.125 for 10 consecutive days during 1997. This is the value as of September 17, 1997, the day the vesting criteria were met.

OPTION/SAR GRANTS IN FISCAL YEAR 1998

The following table sets forth stock options granted in the fiscal year ending December 31, 1998 to each of the Named Executives. The table also sets forth the hypothetical gains that would exist for the options at the end of their ten-year term, assuming compound rates of stock appreciation of 5% and 10%.

9

The actual future value of the options will depend on the market value of the Company's Common Stock. All option exercise prices are based on the market price at the grant date.

<TABLE>
<CAPTION>

| REALIZABLE ANNUAL RATES PRICE APPRECIATION FOR TERM (2) | INDIVIDUAL GRANTS (1) | | | | POTENTIAL VALUE AT OF STOCK OPTION |
|---|---|--|---|--------------------|---|
| | PERCENT OF TOTAL NUMBER OF SECURITIES UNDERLYING OPTIONS | GRANTED TO EMPLOYEES IN FISCAL YEAR | EXERCISE OR BASE PRICE (\$/SH) | EXPIRATION DATE | |
| ----- NAME 10% (\$) | ----- GRANTED | ----- YEAR | ----- (\$/SH) | ----- DATE | ----- 5% (\$) |
| ----- | ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> | <C> |
| <C> | | | | | |
| R. Randall Rollins..... | 0 | N/A | N/A | N/A | N/A |

N/A

| | | | | | |
|--------------------------------------|------------|------|----------|----------|---------------|
| Gary W. Rollins..... | 0 | N/A | N/A | N/A | N/A |
| Michael W. Knottek..... 1,255,072 | 40,000 (3) | 4.5% | 19 11/16 | 04/28/08 | \$ 495,255 \$ |
| Harry J. Cynkus..... 470,652 | 15,000 (3) | 1.7% | 19 11/16 | 04/28/08 | \$ 185,720 \$ |

- (1) Options were granted on April 28, 1998 at a price of \$19 11/16 per share. No Stock Appreciation Rights were granted to the Named Executives during 1998.
- (2) These amounts, based on assumed appreciation rates of 5% and 10% prescribed by the Securities and Exchange Commission rules, are not intended to forecast possible future appreciation, if any, of the Company's stock price. These numbers do not take into account certain provisions of options providing for termination of the option following termination of employment, nontransferability, or phased-in vesting. The Company did not use an alternative formula for a grant date valuation as it is not aware of any formula that will determine with reasonable accuracy a present value based on future unknown or volatile factors. Future compensation resulting from option grants is based solely on the performance of the Company's stock price.
- (3) These Incentive Stock Options vest and become exercisable 20% each year over 5 years and expire after 10 years.

AGGREGATED OPTION/SAR EXERCISES IN FISCAL YEAR 1998
AND YEAR-END OPTION/SAR VALUES

<TABLE>
<CAPTION>

| OPTIONS/SAR'S | VALUE | NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SAR'S | VALUE OF UNEXERCISED IN-THE-MONEY |
|-------------------------|------------------------------------|---|---|
| (1) | AT FY-END (#) | AT FY-END (\$) | |
| NAME | SHARES ACQUIRED ON EXERCISE (#) | REALIZED (\$) | EXERCISABLE/ UNEXERCISABLE |
| <S> | <C> | <C> | <C> |
| R. Randall Rollins..... | 0 | \$ 0 | 0/0 |
| Gary W. Rollins..... | 0 | 0 | 0/0 |
| Michael W. Knottek..... | 0 | 0 | 0/40,000 |
| Harry J. Cynkus..... | 0 | 0 | 0/15,000 |
| Gene L. Smith..... | 900 | \$ 3,824 | 0/0 |

- (1) Based on the closing price of the Company's Common Stock on the New York Stock Exchange on December 31, 1998 of \$17.50 per share.

10
BENEFIT PLANS

The Rollins, Inc. Retirement Income Plan is a trustee defined benefit pension plan. The amounts shown on the following table are those annual benefits payable for life on retirement at age 65. The amounts computed in the following table assume: (a) that the participant remains in the service of the Company until his normal retirement date at age 65; (b) that the participant's earnings continue at the same rate as paid in the year ended December 31, 1998 during the remainder of his service until age 65; (c) that the normal form of benefit is a single-life annuity; and (d) that the Plan continues without substantial modification.

<TABLE>
<CAPTION>

PENSION PLAN TABLE

YEARS OF SERVICE

| REMUNERATION | 15 | 20 | 25 | 30 | 35 |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| \$ 100,000..... | \$ 22,500 | \$ 30,000 | \$ 37,500 | \$ 45,000 | \$ 45,000 |
| 200,000..... | 45,000 | 60,000 | 75,000 | 90,000 | 90,000 |
| 300,000..... | 67,500 | 90,000 | 112,500 | 135,000 | 135,000 |
| 400,000..... | 90,000 | 120,000 | 150,000 | 180,000 | 180,000 |
| 500,000..... | 112,500 | 150,000 | 187,500 | 225,000 | 225,000 |
| 600,000..... | 135,000 | 180,000 | 225,000 | 270,000 | 270,000 |
| 700,000..... | 157,500 | 210,000 | 262,500 | 315,000 | 315,000 |
| 800,000..... | 180,000 | 240,000 | 300,000 | 360,000 | 360,000 |
| 900,000..... | 202,500 | 270,000 | 337,500 | 405,000 | 405,000 |
| 1,000,000..... | 225,000 | 300,000 | 375,000 | 450,000 | 450,000 |

The above table does not reflect the Plan offset for Social Security average earnings, the maximum limit on compensation under Section 401(a)(17) of the Internal Revenue Code of 1986 as amended (the "Code"), or the maximum benefit limitations under Section 415 of the Code. The compensation for the Named Executives is identical to the compensation reflected in the Summary Compensation Table under the two columns titled "Salary" and "Bonus".

Retirement income benefits are based on the average of the employee's compensation from the Company for the five consecutive complete calendar years of highest compensation during the last ten consecutive complete calendar years ("final average compensation") immediately preceding the employee's retirement date or, if earlier, the date of his termination of employment. All full-time corporate employees of the Company and its subsidiaries (other than employees subject to collective bargaining agreements) are eligible to participate in the Retirement Income Plan after completing one year of service as an employee. The benefit formula is 1 1/2% of final average compensation less 3/4% of final average FICA earnings multiplied by years of service (maximum 30 years). The Plan also provides reduced early retirement benefits under certain conditions. In accordance with the Code, the maximum annual benefit that could be payable to a Retirement Income Plan beneficiary in 1998 was \$130,000. However, this limitation does not affect previously accrued benefits of those individuals who became entitled to benefits in excess of \$130,000 prior to the effective date of applicable provisions of the Tax Equity and Fiscal Responsibility Act of 1982 and the Tax Reform Act of 1986. In accordance with the Code (as amended by the Omnibus Budget Reconciliation Act of 1993), the maximum compensation recognized by the Retirement Income Plan was \$160,000 in 1998. Retirement benefits accrued at the end of any calendar year will not be reduced by any subsequent changes in the maximum compensation limit.

The current credited years of service for the Named Executives, each of whom is a participant in the Plan, are: R. Randall Rollins, 15 years; Gary W. Rollins, 30 years; and Michael W. Knottek, 1 year. Harry J. Cynkus is not a participant since he has less than one year of service.

11

Effective October 1, 1983, the Company adopted a qualified retirement plan designed to meet the requirements of Section 401(k) of the Code ("401(k) Plan"). The only form of benefit payment under the 401(k) Plan is a single lump-sum payment equal to the balance in the participant's account on the date the distribution is processed. Under the 401(k) Plan, the full amount of a participant's accrued benefit is payable upon his termination of employment, attainment of age 59 1/2 (with respect to pre-tax deferrals only), retirement, total and permanent disability, or death. Amounts contributed by the Company to the accounts of Named Executives for 1998 under this plan are reported in the "All Other Compensation" column of the Summary Compensation Table above.

INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen LLP served as the Company's auditors for 1998. As is its policy, upon the recommendation of the Audit Committee, the Board of Directors shall select a firm of certified public accountants for 1999. It is anticipated that a representative of Arthur Andersen LLP will be present at the Annual Meeting to answer questions and make a statement should such representative so desire.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company has completed a review of Forms 3, 4 and 5 and amendments

thereto furnished to the Company by all Directors, Officers and greater than 10 percent stockholders subject to the provisions of Section 16 of the Securities Exchange Act of 1934. In addition, the Company has a written representation from all Directors, Officers and greater than 10 percent stockholders from whom no Form 5 was received, indicating that no Form 5 filing was required. Based solely on this review, the Company believes that all filing requirements of such persons under Section 16 for the fiscal year ended December 31, 1998 were timely satisfied.

STOCKHOLDER PROPOSALS

Appropriate proposals of stockholders intended to be presented at the Company's 2000 Annual Meeting of the Stockholders, pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, must be received by the Company by November 27, 1999 for inclusion in its proxy statement and form of proxy relating to that meeting. With respect to the Company's annual meeting of the stockholders to be held in 2000, all stockholder proposals submitted outside the stockholder proposal rules contained in Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, which pertains to the inclusion of stockholder proposals in a Company's proxy materials, must be received by the Company by February 10, 2000, in order to be considered timely. With regard to such stockholder proposals, if the date of the next annual meeting of stockholders is advanced or delayed more than 30 calendar days from April 27, 2000, the Company shall, in a timely manner, inform its stockholders of the change and of the date by which such proposals must be received.

MISCELLANEOUS

The Company's Annual Report for the calendar year ended December 31, 1998 is being mailed to stockholders with this proxy statement.

UPON THE WRITTEN REQUEST OF ANY RECORD OR BENEFICIAL OWNER OF COMMON STOCK OF THE COMPANY WHOSE PROXY WAS SOLICITED IN CONNECTION WITH THE 1999 ANNUAL MEETING OF STOCKHOLDERS, THE COMPANY WILL FURNISH SUCH OWNER, WITHOUT CHARGE, A COPY OF ITS ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1998. REQUEST FOR A COPY OF SUCH ANNUAL REPORT ON FORM 10-K SHOULD BE MADE IN WRITING, ADDRESSED TO ROLLINS, INC., P.O. BOX 647, ATLANTA, GEORGIA 30301, ATTENTION: HARRY J. CYNKUS, CHIEF FINANCIAL OFFICER.

12

Management knows of no business other than the matters set forth herein which will be presented at the meeting. Inasmuch as matters not known at this time may come before the meeting, the enclosed proxy confers discretionary authority with respect to such matters as may properly come before the meeting; and it is the intention of the persons named in the proxy to vote in accordance with their best judgment on such matters.

BY ORDER OF THE BOARD OF DIRECTORS
Michael W. Knottek, SECRETARY

Atlanta, Georgia
March 26, 1999

13

ANNEX

PROXY ROLLINS, INC.

PROXY SOLICITED BY THE BOARD OF DIRECTORS OF ROLLINS, INC. FOR
ANNUAL MEETING OF STOCKHOLDERS, TUESDAY, APRIL 27, 1999, 9:30 A.M.

The undersigned hereby constitutes and appoints R. RANDALL ROLLINS and GARY W. ROLLINS, and each of them, jointly and severally, proxies, with full power of substitution, to vote all shares of Common Stock which the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held on April 27, 1999, at 9:30 a.m., at 2170 Piedmont Road, N.E., Atlanta, Georgia, or any adjournment thereof.

The undersigned acknowledges receipt of Notice of the aforesaid Annual Meeting and Proxy Statement, each dated March 26, 1999, grants authority to said proxies, or either of them, or their substitutes, to act in the absence of others, with all the powers which the undersigned would possess if personally present at such meeting, and hereby ratifies and confirms all that said proxies, or their substitutes, may lawfully do in the undersigned's name, place or stead. The undersigned instructs said proxies, or either of them, to vote as follows:

<TABLE>

<S> <C><C>

1. // FOR R. Randall Rollins, Henry B. Tippie and James B. Williams as Class I directors;
// For all Class I nominees, except as indicated below; or
// REFRAIN from voting for the election of all Class I nominees.

(INSTRUCTIONS: To refrain from voting for any individual nominee, write that nominee's name on the space provided below.)

2. ON ALL OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING OR

ANY ADJOURNMENT THEREOF.
</TABLE>

(over)
(continued from other side)

ALL PROXIES SIGNED AND RETURNED WILL BE VOTED OR NOT VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS, BUT THOSE WITH NO CHOICE WILL BE VOTED FOR ELECTION OF THE BOARD OF DIRECTORS' NOMINEES FOR DIRECTOR. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY.

PROXY

PLEASE SIGN BELOW, DATE AND RETURN
PROMPTLY

SIGNATURE
DATED: _____ (Signature
should conform to name and title
stenciled hereon. Executors,
administrators, trustees, guardians and
attorneys should add their title upon
signing.)

NO POSTAGE REQUIRED IF THIS PROXY IS RETURNED IN THE ENCLOSED ENVELOPE AND
MAILED IN THE UNITED STATES.