

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 September 30, 2014

Commission File Number 1-4422



ROLLINS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

51-0068479
(I.R.S. Employer Identification No.)

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

30324
(Zip Code)

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

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

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

Yes No

Rollins, Inc. had 145,525,975 shares of its \$1 par value Common Stock outstanding as of October 15, 2014.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(in thousands except share data)

	September 30, 2014 (unaudited)	December 31, 2013
ASSETS		
Cash and cash equivalents	\$ 114,216	\$ 118,216
Trade receivables, net of allowance for doubtful accounts of \$10,071 and \$9,078, respectively	87,755	72,849
Financed receivables, short-term, net of allowance for doubtful accounts of \$1,774 and \$1,777, respectively	12,867	12,220
Materials and supplies	12,526	12,251
Deferred income taxes, net	42,280	39,518
Other current assets	17,701	19,388
Total Current Assets	<u>287,345</u>	<u>274,442</u>
Equipment and property, net	101,986	87,215
Goodwill	250,540	211,847
Customer contracts and other intangible assets, net	150,286	128,569
Deferred income taxes, net	0	4,544
Financed receivables, long-term, net of allowance for doubtful accounts of \$1,426 and \$1,423, respectively	12,276	11,608
Prepaid Pension	10,533	7,113
Other assets	13,668	13,879
Total Assets	<u>\$ 826,634</u>	<u>\$ 739,217</u>
LIABILITIES		
Accounts payable	\$ 26,293	\$ 23,194
Accrued insurance	25,024	25,631
Accrued compensation and related liabilities	72,074	66,175
Unearned revenues	104,296	91,014
Other current liabilities	40,170	29,778
Total current liabilities	<u>267,857</u>	<u>235,792</u>
Accrued insurance, less current portion	30,472	28,245
Accrued pension	493	691
Deferred income taxes, net	397	—
Long-term accrued liabilities	36,402	36,234
Total Liabilities	<u>335,621</u>	<u>300,962</u>
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, without par value; 500,000 shares authorized, zero shares issued	—	—
Common stock, par value \$1 per share; 250,000,000 shares authorized, 145,725,975 and 145,864,443 shares issued and outstanding, respectively	145,726	145,864
Treasury Stock, par value \$1 per share; 200,000 and 0 shares, respectively	(200)	—
Paid in capital	60,016	53,765
Accumulated other comprehensive loss	(34,220)	(31,771)
Retained earnings	319,691	270,397
Total Stockholders' Equity	<u>491,013</u>	<u>438,255</u>
Total Liabilities and Stockholders' Equity	<u>\$ 826,634</u>	<u>\$ 739,217</u>

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

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(in thousands per except share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
REVENUES				
Customer services	\$ 384,870	\$ 362,155	\$ 1,067,615	\$ 1,012,667
COSTS AND EXPENSES				
Cost of services provided	188,810	181,135	532,760	511,102
Depreciation and amortization	11,437	10,076	32,259	29,738
Sales, general and administrative	118,679	113,028	329,785	321,680
Interest expense/(income), net	24	(101)	(138)	(273)
INCOME BEFORE INCOME TAXES	65,920	58,017	172,949	150,420
PROVISION FOR INCOME TAXES	24,799	21,817	65,202	55,047
NET INCOME	\$ 41,121	\$ 36,200	\$ 107,747	\$ 95,373
NET INCOME PER SHARE - BASIC AND DILUTED	\$ 0.28	\$ 0.25	\$ 0.74	\$ 0.65
DIVIDENDS PAID PER SHARE	\$ 0.105	\$ 0.09	\$ 0.315	\$ 0.27
Weighted average participating shares outstanding - basic and diluted	145,800	146,007	145,888	146,151

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

ROLLINS, INC. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013**
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
NET INCOME	\$ 41,121	\$ 36,200	\$ 107,747	\$ 95,373
Other comprehensive earnings (loss)				
Foreign currency translation adjustments	(6,689)	861	(2,449)	(1,251)
Other comprehensive earnings (loss)	(6,689)	861	(2,449)	(1,251)
Comprehensive earnings	<u>\$ 34,432</u>	<u>\$ 37,061</u>	<u>\$ 105,298</u>	<u>\$ 94,122</u>

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

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2014	2013
OPERATING ACTIVITIES		
Net Income	\$ 107,747	\$ 95,373
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	32,259	29,738
Provision for deferred income taxes	(1,132)	397
Provision for bad debts	7,300	6,656
Stock based compensation expense	7,954	7,809
Excess tax benefits from share-based payments	(4,533)	(3,535)
Other, net	(694)	(323)
Changes in operating assets and liabilities	8,526	(8,596)
Net cash provided by operating activities	<u>157,427</u>	<u>127,519</u>
INVESTING ACTIVITIES		
Cash used for acquisitions of companies, net of cash acquired	(59,660)	(12,143)
Purchases of equipment and property	(22,694)	(13,294)
Other	1,333	428
Net cash used in investing activities	<u>(81,021)</u>	<u>(25,009)</u>
FINANCING ACTIVITIES		
Cash paid for common stock purchased	(35,497)	(13,705)
Dividends paid	(45,945)	(39,432)
Proceeds received upon exercise of stock options	—	6
Excess tax benefits from share-based payments	4,533	3,535
Net cash used in financing activities	<u>(76,909)</u>	<u>(49,596)</u>
Effect of exchange rate changes on cash	(3,497)	(1,262)
Net increase / (decrease) in cash and cash equivalents	(4,000)	51,652
Cash and cash equivalents at beginning of period	<u>118,216</u>	<u>65,082</u>
Cash and cash equivalents at end of period	<u>\$ 114,216</u>	<u>\$ 116,734</u>

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

ROLLINS, INC. AND SUBSIDIARIES

NOTE 1. BASIS OF PREPARATION AND OTHER

Basis of Preparation -The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. There has been no material change in the information disclosed in the notes to the consolidated financial statements included in the Annual Report on Form 10-K of Rollins, Inc. (the "Company") for the year ended December 31, 2013. Accordingly, the quarterly condensed consolidated financial statements and related disclosures herein should be read in conjunction with the 2013 Annual Report on Form 10-K.

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

In the opinion of management, all adjustments necessary for a fair presentation of the Company's financial results for the interim periods have been made. These adjustments are of a normal recurring nature. The results of operations for the three and nine month periods ended September 30, 2014 are not necessarily indicative of results for the entire year.

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

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Standards

Recently adopted accounting standards

In February 2013, the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02) to Comprehensive Income. The guidance requires disclosure of significant amounts reclassified out of accumulated other comprehensive income by component and their corresponding effect on the respective line items of net income. The provision of the new guidance was effective as of the beginning of our 2014 fiscal year. Adoption of this new guidance did not have a material impact on the Company's reported results of operations or financial position.

In February 2013, FASB issued ASU No. 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force). This guidance requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. This stipulates that (1) it will include the amount the entity agreed to pay for the arrangement between them and the other entities that are also obligated to the liability and (2) any additional amount the entity expects to pay on behalf of the other entities. The objective of this update is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements. The provision of the new guidance was effective as of the beginning of our 2014 fiscal year. Adoption of this new guidance did not have a material impact on the Company's reported results of operations or financial position.

In July 2013, FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. Topic 740, Income Taxes, does not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. There is diversity in practice in the presentation of unrecognized tax benefits in those instances. Some entities present unrecognized tax benefits as a liability unless the unrecognized tax benefit is directly associated with a tax position taken in a tax year that results in, or that resulted in, the recognition of a net operating loss or tax credit carryforward for that year and the net operating loss or tax credit carryforward has not been utilized. Other entities present unrecognized tax benefits as a reduction of a deferred tax asset for a net operating loss or tax credit carryforward in certain circumstances. The objective of the amendments in this Update is to eliminate that diversity in practice. The provision of the new guidance was effective as of the beginning of our 2014 fiscal year. Adoption of this new guidance did not have a material impact on the Company's reported results of operations or financial position.

ROLLINS, INC. AND SUBSIDIARIES

Recently issued accounting standards to be adopted

In April 2014, FASB issued ASU 2014-08, (Topic 205 and 360): Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity. ASU 2014-08 amends the definition for what types of asset disposals are to be considered discontinued operations, and amends the required disclosures for discontinued operations and assets held for sale. ASU 2014-08 also enhances the convergence of the FASB's and the International Accounting Standard Board's reporting requirements for discontinued operations. The amendments in this update are effective for fiscal periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In May 2014, FASB issued Accounting Standards Update ASU No. 2014-09, (Topic 606): Revenue from Contracts with Customers (ASU 2014-09) supersedes the revenue recognition requirements in "Topic 605, Revenue Recognition" and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective retrospectively for annual or interim reporting periods beginning after December 15, 2016, with early application not permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

NOTE 3. EARNINGS PER SHARE

The Company follows ASC 260, *Earnings Per Share* (ASC 260) that requires the reporting of both basic and diluted earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income available to participating common stockholders by the weighted average number of participating common shares outstanding for the period. The calculation of diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. In accordance with ASC 260, any anti-dilutive effects on net earnings (loss) per share, of which there were none at September 30, 2014 and September 30, 2013, are excluded.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Basic earnings per share				
Common stock	\$ 0.28	\$ 0.25	\$ 0.74	\$ 0.65
Restricted shares of common stock	\$ 0.28	\$ 0.24	\$ 0.72	\$ 0.64
Total shares of common stock	\$ 0.28	\$ 0.25	\$ 0.74	\$ 0.65
Diluted earnings per share				
Common stock	\$ 0.28	\$ 0.25	\$ 0.74	\$ 0.65
Restricted shares of common stock	\$ 0.28	\$ 0.24	\$ 0.72	\$ 0.64
Total shares of common stock	\$ 0.28	\$ 0.25	\$ 0.74	\$ 0.65

NOTE 4. CONTINGENCIES

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

Presently, the Company and a subsidiary, The Industrial Fumigant Company, LLC, are named defendants in Severn Peanut Co. and Meherrin Agriculture & Chemical Co. v. Industrial Fumigant Co., et al. The Severn lawsuit, a matter related to a fumigation service, has been filed in the United States District Court for the Eastern District of North Carolina. The court dismissed plaintiffs' claim for breach of contract on March 15, 2014; plaintiffs' pending claim for damages is for negligence.

On April 29, 2014, Foster Poultry Farms sued Orkin, LLC and Orkin Services of California, Inc., for breach of contract, breach of covenant of good faith and fair dealing, and negligence. The lawsuit is pending in the United States District Court for the Northern District of California. Foster Farms is seeking damages related to pest control services performed at its chicken processing facility during a nine month period. The Company intends to defend this matter vigorously.

ROLLINS, INC. AND SUBSIDIARIES

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

NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, trade receivables, notes receivable, accounts payable and other short-term liabilities. The carrying amounts of these financial instruments approximate their fair values. The Company has a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to \$175.0 million, which includes a \$75.0 million letter of credit subfacility and a \$25.0 million swingline subfacility. There were no outstanding borrowings at September 30, 2014 and December 31, 2013.

NOTE 6. STOCKHOLDERS' EQUITY

During the nine months ended September 30, 2014 the Company paid \$45.9 million or \$0.315 per share in cash dividends compared to \$39.4 million or \$0.27 per share during the same period in 2013.

During the third quarter ended September 30, 2014, the Company repurchased from the open market 0.8 million shares of its \$1 par value common stock at a weighted average price of \$29.11 per share compared to 0.2 million shares purchased at a weighted average price of \$24.72 during the same period in 2013. For the nine month period ended September 30, 2014, the Company repurchased 1.0 million shares from the open market of its \$1 par value common stock at a weighted average price of \$29.19 per share compared to 0.3 million shares purchased at a weighted average price of \$24.56 during the same period in 2013.

The Company repurchased \$0.1 million and \$0.4 million of common stock for the third quarters ended September 30, 2014 and 2013, respectively, and repurchased \$6.2 million and \$5.3 million of common stock for the nine months ended September 30, 2014 and 2013, respectively, from employees for the payment of taxes on vesting restricted shares.

As more fully discussed in Note 14 of the Company's notes to the consolidated financial statements in its 2013 Annual Report on Form 10-K, stock options, time lapse restricted shares (TLRS's) and restricted stock units have been issued to officers and other management employees under the Company's Employee Stock Incentive Plans. The Company issues new shares from its authorized but unissued share pool. At September 30, 2014, approximately 3.8 million shares of the Company's common stock were reserved for issuance.

Stock Options

Stock options generally vest over a five-year period and expire ten years from the issuance date. For the nine months ended September 30, 2014, the Company did not issue any shares of common stock under exercise of stock options by employees with one thousand shares issued for the same period in 2013.

There were no options outstanding under the Company's stock option plan as of September 30, 2014 or December 31, 2013.

The aggregate intrinsic value of options exercised during the nine months ended September 30, 2014 and 2013 was zero and \$20 thousand, respectively. There were no options exercised for the third quarters ended September 30, 2014 and 2013, respectively.

Time Lapse Restricted Shares and Restricted Stock Units

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

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Time lapse restricted stock:				
Pre-tax compensation expense	\$ 2,587	\$ 2,717	\$ 7,954	\$ 7,809
Tax benefit	(996)	(1,046)	(3,062)	(3,006)
Restricted stock expense, net of tax	<u>\$ 1,591</u>	<u>\$ 1,671</u>	<u>\$ 4,892</u>	<u>\$ 4,803</u>

ROLLINS, INC. AND SUBSIDIARIES

The Company recognized a tax benefit of approximately \$0.1 million and \$0.4 million during the third quarters ended September 30, 2014 and 2013, respectively, and approximately \$4.5 million and \$3.5 million for the nine months ended September 30, 2014 and 2013, respectively, related to the vesting of restricted shares which have been recorded as increases to paid-in capital.

The following table summarizes information on unvested restricted stock outstanding as of September 30, 2014:

	Number of Shares	Weighted- Average Grant-Date Fair Value
Unvested Restricted Stock Units at December 31, 2013	2,454	\$ 18.75
Forfeited	(115)	21.43
Vested	(677)	15.45
Granted	411	28.74
Unvested Restricted Stock Units at September 30, 2014	2,072	\$ 21.67

At September 30, 2014 and December 31, 2013, the Company had \$32.1 million and \$30.7 million of total unrecognized compensation cost, respectively, related to time-lapse restricted shares that are expected to be recognized over a weighted average period of approximately 3.8 years, each.

NOTE 7. PENSION AND POST RETIREMENT BENEFIT PLANS

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

Components of Net Pension Benefit Gain

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Interest and service cost	\$ 2,375	\$ 2,166	\$ 7,125	\$ 6,498
Expected return on plan assets	(3,108)	(2,897)	(9,324)	(8,691)
Amortization of net loss	610	977	1,830	2,931
Net periodic benefit loss/(benefit)	<u>\$ (123)</u>	<u>\$ 246</u>	<u>\$ (369)</u>	<u>\$ 738</u>

During the nine months ended September 30, 2014 and 2013 the Company made \$3.3 million and \$2.5 million in contributions, respectively, to its defined benefit retirement plans (the "Plans"). The Company made \$5.0 million in contributions for the year ended December 31, 2013. The Company is planning on making no further contribution to the Plans during the fiscal year ending December 31, 2014.

NOTE 8. BUSINESS COMBINATIONS

The Company made ten acquisitions during the nine month period ended September 30, 2014.

Acquisition of Allpest WA ("Allpest") – The Company completed the acquisition of Allpest on February 17, 2014. This is the Company's first acquisition outside of North America and places the Company as the number one pest control provider in Western Australia. A valuation of the acquired assets of Allpest is currently being performed and an estimate has been recorded in the Company's financial statements. The effect of any adjustments to these estimates for Allpest is not expected to have a material effect on the Company's financial statements as the net total adjustment will effect a combination of goodwill, customer contracts, and other intangible assets at the end of the measurement period.

Acquisition of Wilco Enterprises, Inc. (sole holder of PermaTreat Exterminating Company, Inc. d/b/a PermaTreat Pest Control, Inc.) ("PermaTreat") – The Company completed the acquisition of PermaTreat effective August 1, 2014. PermaTreat is a leading pest control company located in Central and Northern Virginia and was founded in 1967. The Company issued 582,233 shares of its \$1 par value common stock valued at \$28.19 per share to Joseph R. Wilson and Jack Broome. A valuation of the acquired assets is currently being performed and an estimate has been recorded in the Company's financial statements. The effect of any adjustments to these estimates for PermaTreat is not expected to have a material effect on the Company's financial statements as the net total adjustment will affect a combination of goodwill, customer contracts, and other intangible assets at the end of the measurement period.

ROLLINS, INC. AND SUBSIDIARIES

Total cash purchase price for the Company's ten acquisitions in 2014 was \$59.7 million, and the Company issued common stock as purchase price in acquisition having a total value of \$16.4 million.

The fair values of major classes of assets acquired and liabilities assumed along with the contingent consideration liability recorded at the date of acquisition is included in the reconciliation of the total consideration as follows (in thousands):

Accounts receivable, net	\$ 2,360
Materials and supplies	477
Prepaid expenses	167
Equipment and property	4,370
Goodwill	40,521
Customer contracts	35,089
Other intangible assets	8,403
Current liabilities	(6,784)
Other assets and liabilities, net	(5,074)
Total consideration paid	\$ 79,529
Less: Common Stock Payment	(16,413)
Less: Contingent consideration liability	(3,456)
Total cash purchase price	<u>\$ 59,660</u>

Goodwill from acquisitions represents the excess of the purchase price over the fair value of net assets of businesses acquired. The carrying amount of goodwill was \$250.5 million and \$211.8 million at September 30, 2014 and December 31, 2013, respectively. Goodwill generally changes due to the timing of acquisitions, finalization of allocation of purchase prices of previous acquisitions and foreign currency translations. The carrying amount of goodwill in foreign countries was \$42.8 million at September 30, 2014 and \$9.2 million at December 31, 2013.

The Company completed its most recent annual impairment analyses as of September 30, 2014. Based upon the results of these analyses, the Company has concluded that no impairment of its goodwill or other intangible assets was indicated.

The carrying amount of customer contracts and other intangible assets was \$118.5 million and \$31.8 million, respectively, at September 30, 2014 and \$101.5 million and \$27.1 million, respectively at December 31, 2013. The carrying amount of customer contracts and other intangible assets in foreign countries was \$20.3 million and \$5.2 million, respectively, at September 30, 2014 and \$6.3 million and \$0.4 million, respectively, at December 31, 2013.

Customer contracts and other amortizable intangible assets are amortized on a straight-line basis over their economic useful lives. The following table sets forth the components of intangible assets as of September 30, 2014 (in thousands):

Intangible Asset	Fair Value	Usefull Life in Years
Customer contracts	\$ 118,500	3 - 12.5
Non-compete agreements	6,740	3 - 20
Trademarks and tradenames	18,914	0 - 20
Patents	3,740	15
Internet domains	2,227	n/a
Know How	165	10
Total customer contracts and other intangible assets	<u>\$ 150,286</u>	

NOTE 9. SUBSEQUENT EVENTS

On October 28, 2014, the Company announced that the Board of Directors declared a regular quarterly cash dividend on its common stock of \$0.105 per share payable December 10, 2014 to shareholders of record as of November 10, 2014.

ROLLINS, INC. AND SUBSIDIARIES

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

Overview

On October 29, 2014, the Company reported its 34th consecutive quarter of improved revenue and earnings with net income of \$41.1 million for the third quarter ended September 30, 2014, as compared to \$36.2 million for the prior year quarter, a 13.6% improvement. Revenues increased by 6.3% to \$384.9 million for the third quarter 2014 as compared to \$362.2 million for the prior year third quarter. Earnings for the third quarter ended September 30, 2014 increased to \$0.28 per diluted share, as compared to \$0.25 per diluted share for the same period in 2013.

Rollins continues its solid financial performance generating \$157.4 million in cash from operations year to date

Results of Operations:

THREE MONTHS ENDED SEPTEMBER 30, 2014 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2013

Revenue

Revenues for the third quarter ended September 30, 2014 increased \$22.7 million or 6.3% to \$384.9 million compared to \$362.2 million for the third quarter ended September 30, 2013. Growth occurred across all service lines and brands. Acquisitions, pricing and organic growth roughly equally accounted for the growth.

The Company has three primary service offerings. During the third quarter ended September 30, 2014, commercial pest control revenue approximated 41.1% of the Company’s revenues, residential pest control approximated 42.5% of the Company’s revenues, and termite and ancillary service revenue approximated 16.4% of the Company’s revenues. Comparing third quarter 2014 to third quarter 2013, the Company’s commercial pest control revenue grew 7.0%, residential pest control revenue grew 4.9%, and termite and ancillary services revenue grew 8.2%.

Foreign operations accounted for approximately 9% and 8% of total revenues during the third quarter of 2014 and 2013, respectively.

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

Consolidated Net Revenues			
(in thousands)			
	2014	2013	2012
First Quarter	\$ 313,388	\$ 299,714	\$ 289,465
Second Quarter	369,357	350,798	334,872
Third Quarter	384,870	362,155	340,179
Fourth Quarter	N/A	324,707	306,393
Year ended December 31,	\$ N/A	\$ 1,337,374	\$ 1,270,909

Cost of Services provided

Cost of Services provided for the third quarter ended September 30, 2014 increased \$7.7 million or 4.2%, compared to the quarter ended September 30, 2013. Gross margin for the quarter increased to 50.9% for the third quarter versus 50.0 % in the prior year due to primarily favorable termite and casualty claim development, improvement in service salaries and good cost controls across most spending categories.

ROLLINS, INC. AND SUBSIDIARIES

Depreciation and Amortization

Depreciation and Amortization expenses for the third quarter ended September 30, 2014 increased \$1.4 million to \$11.4 million, an increase of 13.5%, increasing 0.2 percentage points to 3.0% of revenue primarily reflecting an increase in depreciation and amortization related to acquisitions that occurred over the previous twelve months.

Sales, General and Administrative

Sales, General and Administrative Expenses for the third quarter ended September 30, 2014 increased \$5.7 million or 5.0 %, to 30.8% of revenues, decreasing from 31.2% for the third quarter ended September 30, 2013. The decrease in margin percent is due to reductions made in administrative salaries reflecting realignment of some of our operations and cost containment programs initiated at the corporate offices late last year. Last year additional expenses were incurred which did not reoccur for advertising related to our commercial pricing initiative.

Interest expense/ (income), net

Interest expense/ (income), net for the third quarter ended September 30, 2014 increased to \$24 thousand expense compared to \$101 thousand income for the third quarter ended September 30, 2013. The increase in interest expense was due to increased interest on contingent considerations.

Income Taxes

Income taxes for the third quarter ended September 30, 2014 increased \$3.0 million or 13.7% to \$24.8 million from \$21.8 million reported for third quarter ended September 30, 2013. This is due to increased pretax earnings. The effective tax rate was 37.6% for the third quarter ended September 30, 2014 and the third quarter ended September 30, 2013.

NINE MONTHS ENDED SEPTEMBER 30, 2014 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2013

Revenue

Revenues for the nine months ended September 30, 2014 increased \$54.9 million or 5.4% to \$1.1 billion compared to \$1.0 billion for the nine months ended September 30, 2013. Most of the increase was due to an increase in lead closure and average price in most categories and acquisitions. The higher sales resulted in growth across all services lines.

During the nine months ended September 30, 2014, commercial pest control revenue approximated 41.2% of the Company's revenues, residential pest control revenue approximated 41.4% of the Company's revenues, and termite and ancillary service revenue made up approximated 17.4% of the Company's revenues. The Company's commercial pest control revenue grew 7.0%, residential pest control revenue grew 4.2%, and termite and ancillary services revenue grew 4.3%.

Foreign operations accounted for approximately 8% of total revenues for each of the first nine months of 2014 and 2013, respectively.

Cost of Services provided

Cost of Services provided for the nine months ended September 30, 2014, increased \$21.7, or 4.2% compared to the nine months ended September 30, 2013. Gross margins year-to-date increased to 50.1% from the prior year gross margin of 49.5% due to favorable termite and casualty claim development, reduced fleet costs and good cost controls across most spending categories.

Depreciation and Amortization

Depreciation and Amortization for the nine months ended September 30, 2014 increased \$2.5 million to \$32.3 million, an increase of 8.5%, increasing 0.1 percentage points to 3.0% of revenue. The dollar increase was due to amortization related to acquisitions that occurred over the previous 12 months.

Sales, General and Administrative

Sales, general and administrative expenses for the nine months ended September 30, 2014 increased \$8.1 million or 2.5% to \$329.8 million or 30.9% of revenues, decreasing from \$321.7 million or 31.8% of revenues in the prior year period due to the Company being able to leverage our administrative and sales salaries, along with a lower advertising run rate than last year.

Interest expense/ (income), net

Interest expense/ (income), net for the period ended September 30, 2014 was \$138 thousand income, a decrease of \$135 thousand from \$273 thousand income for the period ended September 30, 2013.

Income Taxes

Income taxes for the nine months ended September 30, 2014 increased to \$65.2 million, a 18.4% increase from \$55.0 million reported for the same period in 2013, and reflect increased pre-tax income over the prior year period. The effective tax rate was 37.7% for the nine months ended September 30, 2014 versus 36.6% for the nine months ended September 30, 2013 primarily due to favorable adjustments made in 2013 and differences in state tax rates.

ROLLINS, INC. AND SUBSIDIARIES

Liquidity and Capital Resources

The Company believes its current cash and cash equivalents balances, future cash flows expected to be generated from operating activities and available borrowings under its \$175.0 million credit facility will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future. The Company's operating activities generated net cash of \$157.4 million and \$127.5 million for the nine months ended September 30, 2014, and 2013, respectively.

The Company made contributions of \$3.3 million and \$2.5 million to its defined benefit retirement plans (the "Plans") during the nine months ended September 30, 2014 and September 30, 2013, respectively. The Company is planning on making no further contributions to the Plans during the fiscal year ending December 31, 2014. In the opinion of management, Plan contributions will not have a material effect on the Company's financial position, results of operations or liquidity for 2014.

The Company invested approximately \$22.7 million in capital expenditures during the nine months ended September 30, 2014, compared to \$13.3 million during the same period in 2013, and expects to invest approximately \$7.0 million for the remainder of 2014. Capital expenditures for the first nine months consisted primarily of the purchase of equipment replacements and technology related projects. During the nine months ended September 30, 2014, the Company made expenditures for acquisitions totaling \$59.7 million, compared to \$12.1 million during the same period in 2013. A total of \$45.9 million was paid in cash dividends (\$0.315 per share) during the first nine months of 2014, compared to \$39.4 million or (\$0.27 per share) during the same period in 2013. On October 28, 2014, the Company announced that the Board of Directors declared a regular quarterly cash dividend on its common stock of \$0.105 per share payable December 10, 2014 to stockholders of record at the close of business November 10, 2014 to be funded with existing cash balances. The Company expects to continue to pay cash dividends to common stockholders, subject to the earnings and financial condition of the Company and other relevant factors. The Company repurchased 1.0 million shares at a weighted average price of \$29.19 from the open market during the first nine months of 2014 compared to the repurchase of 0.3 million shares at a weighted average price of \$24.56 during the first nine months of 2013. The Company has had a buyback program in place for a number of years and has routinely purchased shares when it felt the opportunity was desirable. The Board authorized the purchase of 5.0 million additional shares of the Company's common stock in July 2012. These authorizations enable the Company to continue the purchase of Company common stock when appropriate, which is an important benefit resulting from the Company's strong cash flows. The stock buy-back program has no expiration date. In total, 4.0 million additional shares may be purchased under the share repurchase program. The Company repurchased \$6.2 million and \$5.3 million of common stock for the nine months ended September 30, 2014 and 2013, respectively, from employees for the payment of taxes on vesting restricted shares. The acquisitions, capital expenditures, share repurchases and cash dividends were funded through existing cash balances and operating activities.

The Company's balance sheets as of September 30, 2014 and December 31, 2013 includes short-term unearned revenues of \$104.3 million and \$91.0 million, respectively, representing approximately 8% of our annual revenue. This represents cash paid to the Company by its customers in advance of services that will be recognized over the next twelve months.

The Company's \$114.2 million of total cash at September 30, 2014, is held at various banking institutions. Approximately \$32.7 million is held in cash accounts at foreign bank institutions and the remaining \$81.5 million is primarily held in non-interest-bearing accounts at various domestic banks.

The Company's international business is expanding and we intend to continue to grow the business in foreign markets in the future through reinvestment of foreign deposits and future earnings as well as acquisitions of unrelated companies. Repatriation of cash from the Company's foreign subsidiaries is not a part of the Company's current business plan.

The Company maintains a large cash position in the United States while having little third-party debt to service. The Company maintains adequate liquidity and capital resources that are directed to finance domestic operations and obligations and to fund expansion of its domestic business for the foreseeable future without regard to its foreign deposits.

On October 31, 2012, the Company entered into a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to \$175.0 million, which includes a \$75.0 million letter of credit subfacility, and a \$25.0 million swingline subfacility. The Company had no outstanding borrowings under the line of credit or under the swingline subfacility as of September 30, 2014. The Company remained in compliance with applicable debt covenants through the date of this filing and expects to maintain compliance through 2014.

Litigation

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

ROLLINS, INC. AND SUBSIDIARIES

Presently, the Company and a subsidiary, The Industrial Fumigant Company, LLC, are named defendants in *Severn Peanut Co. and Meherrin Agriculture & Chemical Co. v. Industrial Fumigant Co., et al.* The *Severn* lawsuit, a matter related to a fumigation service, has been filed in the United States District Court for the Eastern District of North Carolina. The court dismissed plaintiffs' claim for breach of contract on March 15, 2014; plaintiffs' pending claim for damages is for negligence.

On April 29, 2014, Foster Poultry Farms sued Orkin, LLC and Orkin Services of California, Inc., for breach of contract, breach of covenant of good faith and fair dealing, and negligence. The lawsuit is pending in the United States District Court for the Northern District of California. Foster Farms is seeking damages related to pest control services performed at its chicken processing facility during a nine month period. The Company intends to defend this matter vigorously.

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

Critical Accounting Policies

There have been no changes to the Company's critical accounting policies since the filing of its Form 10-K for the year ended December 31, 2013.

New Accounting Standards

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

Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, the effect of the future adoption of recent accounting pronouncements on the Company's financial statements; statements regarding management's expectation regarding the effect of the ultimate resolution of pending claims, proceedings or litigation on the Company's financial position, results of operation and liquidity; 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 belief that its current cash and cash equivalent balances, future cash flows expected to be generated from operating activities and available borrowings will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future; our expectation that the Company will continue to pay dividends; our expectation that repatriation of cash is not a part of the Company's business plan; possible defined benefit retirement plan contributions and their effect on the Company's financial position, results of operations and liquidity; estimated 2014 capital expenditures; the Company's expectation to maintain compliance with debt covenants; and the Company's belief that interest rate exposure and foreign exchange rate risk will not have a material effect on the Company's results of operations going forward. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties including, without limitation, the possibility of an adverse ruling against the Company in pending litigation; general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's termite process and pest control selling and treatment methods; the Company's ability to identify and integrate potential acquisitions; climate and weather conditions; competitive factors and pricing practices; our ability to attract and retain skilled workers, and potential increases in labor costs; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. A more detailed discussion of potential risks facing the Company can be found in the Company's Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2013. The Company does not undertake to update its forward looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 30, 2014, the Company maintained an investment portfolio (included in cash and cash equivalents) subject to short-term interest rate risk exposure. The Company is subject to interest rate risk exposure through borrowings on its \$175 million credit facility. The Company is also exposed to market risks arising from changes in foreign exchange rates. The Company believes that this foreign exchange rate risk will not have a material impact upon the Company's results of operations going forward. There have been no material changes to the Company's market risk exposure since the end of fiscal year 2013.

ROLLINS, INC. AND SUBSIDIARIES

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 September 30, 2014 (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the Evaluation Date to ensure that the information required to be included in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

In addition, management's quarterly evaluation identified no changes in our internal control over financial reporting during the third quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of September 30, 2014 we did not identify any material weaknesses in our internal controls, and therefore no corrective actions were taken.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors

See the Company's risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

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

Issuance of Common Stock in Permatreat Transaction

During the quarter ended September 30, 2014, the Company issued the following securities that were not registered under the Securities Act of 1933 (the "Securities Act"):

On August 1, 2014, the Company issued 582,233 shares of common stock (389,650 new shares, 192,583 shares from treasury) as consideration for the acquisition of Wilco Enterprises, Inc. (sole holder of PermaTreat Exterminating Company, Inc. d/b/a Permatreat Pest Control, Inc.) from Joseph R. Wilson and Jack Broome effective August 1, 2014 as disclosed elsewhere in this Quarterly Report on Form 10-Q.

The issuance of common stock was exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder as a transaction by an issuer not involving any public offering. The recipients of the shares represented that they were accredited investors and that they were acquiring the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates.

ROLLINS, INC. AND SUBSIDIARIES

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Shares repurchased by Rollins and affiliated purchases during the third quarter ended September 30, 2014 were as follows:

Period	Total Number of shares Purchased (1)	Weighted-Average Price paid per Share	Total number of shares purchased as part of publicly announced repurchases (2)	Maximum number of shares that may yet be purchased under the repurchase plans
July 1 to 31, 2014	43,819	\$ 28.41	43,000	4,688,472
August 1 to 31, 2014	530,053	29.02	530,053	4,158,419
September 1 to 30, 2014	206,214	29.48	206,214	3,952,205
Total	780,086	\$ 29.11	779,267	3,952,205

(1) Includes repurchases from employee for the payment of taxes on vesting of restricted shares in the following amounts:

July 2014: 819; August 2014: 0; and September 2014: 0.

(2) These shares were repurchased under the 2008 plan, as amended in 2012, to repurchase up to 12.5 million shares of the Company's common stock. The plan has no expiration date.

Item 5. Other Information

On October 28, 2014, the Board of Directors of the Company amended the Company's Restated By-laws (the "By-laws") in several respects, including changes meant to modernize the By-laws, to provide clarity and consistency with Delaware corporate law and to align the By-laws with the Board's view of best practices and the interests of the Company's stockholders as a whole. The primary substantive changes were as follows: (i) updated processes were included for stockholders to present business or director nominees at an annual meeting of the stockholders of the Company, (ii) the provisions addressing officer and director indemnification were updated, and (iii) provisions were added addressing exclusive forum and payment of costs for specified stockholder actions including a stockholder's breach of the By-laws or specified intracorporate proceedings in which such stockholder is not the prevailing party.

The foregoing summary of the amendment to the By-laws is qualified in its entirety by reference to the text of the By-laws, as amended and restated on and effective as of October 28, 2014, a copy of which is attached hereto as Exhibit 3.1 and is incorporated herein by reference.

Stockholders desiring to present business at the 2015 annual meeting of stockholders outside of the stockholder proposal rules of Rule 14a-8 of the Securities Exchange Act of 1934 and instead pursuant to Article 27 of the Company's By-laws must prepare a written notice regarding such proposal addressed to Secretary, Rollins, Inc., 2170 Piedmont Road, NE, Atlanta, Georgia 30324 and delivered to or mailed and received no later than January 22, 2015 and no earlier than December 13, 2014. Stockholders should consult the By-laws for other specific requirements related to such notice and proposed business.

ROLLINS, INC. AND SUBSIDIARIES

Item 6. Exhibits.

(a) Exhibits

- (3) (i) (A) Restated Certificate of Incorporation of Rollins, Inc. dated July 28, 1981, incorporated herein by reference to Exhibit (3)(i)(A) as filed with the registrant's Form 10-Q filed August 1, 2006.

(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, incorporated herein by reference to Exhibit (3)(i)(C) filed with the registrant's Form 10-Q filed August 1, 2006.

(D) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 25, 2006, incorporated herein by reference to Exhibit 3(i)(D) filed with the Registrant's 10-Q filed October 31, 2006.

(E) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 26, 2011, incorporated herein by reference to Exhibit 3(i)(E) filed with the Registrant's 10-Q filed October 28, 2011.
- (ii) Amended and Restated By-laws of Rollins, Inc., as in effect as of October 28, 2014.
- (4) Form of Common Stock Certificate of Rollins, Inc., incorporated herein by reference to Exhibit (4) as filed with its Form 10-K for the year ended December 31, 1998.
- (31.1) Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (31.2) Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (32.1) Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Taxonomy Extension Schema Document
- (101.CAL) XBRL Taxonomy Extension Calculation Linkbase Document
- (101.DEF) XBRL Taxonomy Extension Definition Linkbase Document
- (101.LAB) XBRL Taxonomy Extension Label Linkbase Document
- (101.PRE) XBRL Taxonomy Extension Presentation Linkbase Document

ROLLINS, INC. AND SUBSIDIARIES

SIGNATURES

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

ROLLINS, INC.
(Registrant)

Date: October 29, 2014

By: /s/ Gary W. Rollins
Gary W. Rollins
Vice Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2014

By: /s/ Harry J. Cynkus
Harry J. Cynkus
Senior Vice President, Chief Financial Officer and
Treasurer
(Principal Financial and Accounting Officer)

AMENDED AND RESTATED BY-LAWS
OF
ROLLINS, INC.

October 28, 2014

OFFICES

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

CORPORATE SEAL

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

MEETINGS OF STOCKHOLDERS

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

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

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

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

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

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

DIRECTORS

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

POWERS OF DIRECTORS

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

The board of directors shall have power:

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

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

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

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

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

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

MEETINGS OF DIRECTORS

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

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

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

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

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

The board may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more directors of the corporation.

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

COMPENSATION OF DIRECTORS
AND MEMBERS OF COMMITTEES

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

OFFICERS OF THE CORPORATION

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

One person may hold more than one office.

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

DUTIES OF THE CHAIRMAN

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

DUTIES OF THE VICE CHAIRMAN

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

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

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

DUTIES OF THE PRESIDENT

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

SECRETARY

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

TREASURER

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

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

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

DUTIES OF OFFICERS MAY BE DELEGATED

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

CERTIFICATES OF STOCK; UNCERTIFICATED SHARES

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

TRANSFER OF STOCK

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

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

CLOSING OF TRANSFER BOOKS

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

STOCKHOLDERS OF RECORD

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

FISCAL YEAR

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

DIVIDENDS

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

CHECKS FOR MONEY

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

BOOKS AND RECORDS

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

WAIVER OF NOTICES

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

INDEMNIFICATION OF DIRECTORS,

OFFICERS AND EMPLOYEES

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

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

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

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

NON-DISCRIMINATION STATEMENT

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

NOTICE OF NOMINATION OF DIRECTORS

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

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

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

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

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

STOCKHOLDER PROPOSALS FOR BUSINESS
TO BE TRANSACTED AT MEETING

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

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

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

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

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

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

FORUM SELECTION

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

COST AND EXPENSES

TWENTY-NINTH: To the fullest extent permitted by law, each stockholder will be liable to the corporation (and any subsidiaries or affiliates thereof) for, and indemnify and hold harmless the corporation (and any subsidiaries or affiliates thereof) from and against, all costs, expenses, penalties, fines or other amounts, including without limitation, reasonable attorneys' and other professional fees, whether third party or internal, arising from such stockholder's breach of or failure to fully comply with any covenant, condition or provision of these by-laws or the certificate of incorporation of the corporation (including, without limitation, ARTICLE TWENTY-SIXTH through ARTICLE TWENTY-NINTH of these by-laws) or any action by or against the corporation (or any subsidiaries or affiliates thereof), including without limitation, any derivative action or proceeding brought on behalf of the corporation or any other Intracorporate Proceeding in which such stockholder is not the prevailing party, and shall pay such amounts to such indemnitee on demand, together with interest on such amounts, which interest will accrue at the lesser of the corporation's highest marginal borrowing rate and the maximum amount permitted by law, from the date such costs or the like are incurred until the receipt of payment.

AMENDMENTS OF BY-LAWS

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

I, Gary W. Rollins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2014

/s/ Gary W. Rollins

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

I, Harry J. Cynkus, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2014

/s/ Harry J. Cynkus
Harry J. Cynkus
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report of Rollins, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ended September 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2014

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

Date: October 29, 2014

By: /s/ Harry J. Cynkus
Harry J. Cynkus
Senior Vice President, Chief Financial Officer and
Treasurer
(Principal Financial and Accounting Officer)

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