Rollins, Inc. Reports First Quarter Financial Results

Sales Increased 3.6%, EPS Increased 18.8%

ATLANTA--(BUSINESS WIRE)--

Rollins, Inc. (NYSE:ROL), a premier North American consumer and commercial services company, today reported revenues for the first quarter ended March 31, 2007 grew 3.6% to $201.2 million compared to $194.2 million for the first quarter ended March 31, 2006.

The Company reported record net income of $12.8 million or $0.19 per diluted share for the first quarter 2007, compared to $10.9 million or $0.16 per diluted share for the same period in 2006, which represents an 18.8% increase.

On January 23, 2007, Rollins increased the Company's regular quarterly cash dividend to shareholders 20 percent to $0.075, returning $5.3 million to investors during the first quarter 2007. The Company also announced that it repurchased 592,000 shares of common stock at a weighted average price of $22.84 per share during the quarter. In total, approximately 1.7 million additional shares may be purchased under previously approved programs by the Board of Directors.

Commenting on the Company's results, Gary W. Rollins, President and Chief Executive Officer of Rollins, Inc. said, "We were pleased to have reported solid year-over-year improvement in both revenue and net income for the first quarter. We are continuing to invest in our business and are looking forward to reporting our progress in the important second quarter."

Rollins, Inc. is a premier North American consumer and commercial services company. Through its wholly owned subsidiaries, Orkin, Inc., Western Pest Services, and The Industrial Fumigant Company, the Company provides essential pest control services and protection against termite damage, rodents and insects to approximately 1.7 million customers in the United States, Canada, Mexico, Panama and Costa Rica from over 400 locations. You can learn more about our subsidiaries by visiting our Web sites at www.orkin.com, www.westernpest.com, www.indfumco.com and www.rollins.com. You can also find this and other news releases at www.rollins.com by accessing the news releases button.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This release contains statements that constitute "forward-looking statements" within the
meaning of the Private Securities Litigation Reform Act of 1995. 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, general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's pest and termite process reforms and pest control selling and treatment methods; the Company's ability to identify and integrate potential acquisitions; climate and weather trends; competitive factors and pricing practices; expected benefits of the commercial re-engineering project may not be realized, potential increases in labor costs; uncertainties of litigation; 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, 2006.

ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)

At March 31, 2007 2006 (unaudited) (unaudited)

ASSETS
Cash and cash equivalents $ 54,994 $ 53,229
Trade receivables, short-term 50,711 45,315
Materials and supplies 8,691 8,899
Deferred income taxes 19,603 23,904
Other current assets 9,971 9,276
Total Current Assets 143,970 140,623

Equipment and property, net 76,850 68,314
Goodwill and other intangible assets 200,375 207,201
Deferred income taxes 12,956 18,149
Trade receivables, long-term 8,519 8,669
Other assets 5,514 4,368
Total Assets $448,184 $447,324

LIABILITIES
Capital leases $ 1,183 $ 797
Accounts payable 16,965 18,146
Accrued insurance 13,978 16,359
Accrued compensation and related liabilities 33,084 31,562
Unearned revenue 83,674 84,020
Other current liabilities 34,751 42,225
Total Current Liabilities 183,635 193,109

Capital leases, less current portion 939 440
Accrued pension 6,946 20,651
Long-term accrued liabilities 51,799 48,969
Total Liabilities 243,319 263,169
STOCKHOLDERS' EQUITY

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<tr>
<th></th>
<th>2007</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>67,946</td>
<td>68,450</td>
</tr>
<tr>
<td>Retained earnings and other equity</td>
<td>136,919</td>
<td>115,705</td>
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<tr>
<td><strong>Total Stockholders' Equity</strong></td>
<td><strong>204,865</strong></td>
<td><strong>184,155</strong></td>
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| Total Liabilities and Stockholders' Equity | $448,184 | $447,324 |

ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE FIRST QUARTER ENDED MARCH 31,
(in thousands except per share data)
(unaudited)

Three months ended March 31, 2007 and 2006

REVENUES
Customer services $201,232 $194,187

COSTS AND EXPENSES
Cost of services provided 106,836 107,014
Depreciation and amortization 6,686 6,793
Sales, general and administrative 67,041 62,500
Gain on sales of assets (7) -
Interest income (552) (292)

INCOME BEFORE TAXES 21,228 18,172

PROVISION FOR INCOME TAXES 8,435 7,269

NET INCOME $12,793 $10,903

NET INCOME PER SHARE - BASIC $0.19 $0.16

NET INCOME PER SHARE - DILUTED $0.19 $0.16

Weighted average shares outstanding - basic 67,321 67,675
Weighted average shares outstanding - Diluted 68,729 69,583

ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,
(in thousands) (unaudited) (unaudited)

OPERATING ACTIVITIES
Net Income $12,793 $10,903

Adjustments to reconcile net income to net cash

Provided by operating activities:
Depreciation and amortization 6,686 6,793
Provision for deferred income taxes 2,097 1,404
Stock based compensation 477 414
Gain/(Loss) on sales of assets (7) -
Other, net                                           8          (8)
(Increase)/decrease in assets
  Trade receivables                                2,251       3,164
  Materials and supplies                          (290)        183
  Other current assets                             (2,771)       (172)
  Other non-current assets                         527         777
Increase/(decrease) in liabilities:
  Accounts payable and accrued expenses            (8,300)      3,571
  Unearned revenue                                 4,233       4,030
  Accrued insurance                                298         969
  Accrual for termite contracts                    (401)       (600)
  Long-term accrued liabilities                    1,963      (3,116)
                                                  ---------------
Net cash provided by operating activities         19,564      28,312
                                                  ---------------

INVESTING ACTIVITIES
  Purchase of equipment and property                (6,143)     (5,433)
  Acquisitions of companies                         (1,097)     (4,313)
  Cash from sales of franchises                          -         351
  Proceeds from sales of assets                          6          -
                                                  ---------------
Net cash used in investing activities             (7,234)     (9,395)
                                                  ---------------

FINANCING ACTIVITIES
  Dividends paid                                    (5,320)     (4,276)
  Common stock purchased                            (12,362)     (4,092)
  Common stock options exercised                     681         281
  Principal payments on capital leases               (1,662)       (148)
  Other                                             (1,936)       (436)
                                                  ---------------
Net cash used in financing activities             (20,599)     (8,671)
                                                  ---------------

Effect of exchange rate changes on cash            (81)         (82)
                                                  ---------------
Net increase in cash and cash equivalents           8,350      10,164
Cash and cash equivalents at beginning of period   63,344      43,065
                                                  ---------------
Cash and cash equivalents at end of period         $54,994     $53,229
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CONFERENCE CALL ANNOUNCEMENT
Rollins, Inc.
(NYSE: ROL)

Management will hold a conference call to discuss
First Quarter results on:
Wednesday, April 25, 2007 at:
10:00 a.m. Eastern
9:00 a.m. Central
8:00 a.m. Mountain
7:00 a.m. Pacific

TO PARTICIPATE:
Please dial 800-240-4186 domestic;
303-205-0033 international
at least 5 minutes before start time.
REPLAY: available through May 2, 2007
Please dial 800-405-2236/303-590-3000, Passcode: 11088292
THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT
www.viavid.net

Questions?
Contact Janet Jazimin at Financial Relations Board at
212-827-3777
Or email to jjazimin@financialrelationsboard.com

Source: Rollins, Inc.