ENERGIZER HOLDINGS INC
Form 4
August 13, 2013

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
McColgan John James

(Last) (First) (Middle)

533 MARYVILLE UNIVERSITY DRIVE

(Street)

ST. LOUIS, MO 63141

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ENERGIZER HOLDINGS INC [ENR]

3. Date of Earliest Transaction (Month/Day/Year)
08/09/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Principal Accounting Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Energizer Holdings, Inc. Common Stock	08/09/2013		S		7,664	D	$ 99.6316 (1)	0	D	
Energizer Holdings, Inc. Common Stock	08/12/2013		M		7,500	A	$ 65.63	7,500	D	
	08/12/2013		S		7,500	D		0	D	

Energizer Holdings, Inc. Common Stock	$ 99.8035 (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amo Underlying Secu (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	A o N o S
Non-Qualified Stock Option 10/12/09	$ 65.63	08/12/2013		M			7,500	10/12/2012 (3)	10/11/2019	Energizer Holdings, Inc. Common Stock	7
Phantom Stk Units in Deferred Compensation Plan CM	$ 0							(4)	(4)	Energizer Holdings, Inc. Common Stock	
Phantom Stock Units in Deferred Compensation Plan	$ 0							(4)	(4)	Energizer Holdings, Inc. Common Stock	2
Restricted Stock Equiv. 12/10/12 PB	$ 0							(5)	(5)	Energizer Holdings, Inc. Common Stock	4
	$ 0							(6)	(6)		

Title of Derivative Security	Conversion Price	Date Exercisable	Expiration Date	Title of Underlying Securities
Restricted Stock Equiv. 12/10/12 TB				Energizer Holdings, Inc. Common Stock
Restricted Stock Equivalent 10/18/10 PB	$ 0	(7)	(7)	Energizer Holdings, Inc. Common Stock
Restricted Stock Equivalent 10/18/10 TB	$ 0	(8)	(8)	Energizer Holdings, Inc. Common Stock
Restricted Stock Equivalent 11/7/11 PB	$ 0	(9)	(9)	Energizer Holdings, Inc. Common Stock
Restricted Stock Equivalent 11/7/11 TB	$ 0	(10)	(10)	Energizer Holdings, Inc. Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McColgan John James 533 MARYVILLE UNIVERSITY DRIVE ST. LOUIS, MO 63141			Principal Accounting Officer	

Signatures

JOHN J. MCCOLGAN	08/12/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) In accordance with SEC guidance authorizing aggregate reporting of same-day, same-way open market purchases and sales, the shares were sold at a price range between $99.60 and $99.90. Upon request, full information regarding the number of shares sold at each separate price will be provided.

(2)	In accordance with SEC guidance authorizing aggregate reporting of same-day, same-way open market purchases and sales, the shares were sold at a price range between $99.80 and $99.85. Upon request, full information regarding the number of shares sold at each separate price will be provided.
(3)	100% exercisable on October 12, 2012 as long as Recipient is still employed on said date. Options will also become exercisable upon the Recipient's death or disability, and in the event of a change of control of the Company occurring on or after November 1, 2011.
(4)	Phantom stock units are payable in cash following termination of the Reporting Person's employment with Energizer Holdings, Inc.
(5)	Performance Restricted Stock Equivalents (PSE) granted will vest in three years, subject to achievement of applicable performance criteria, as long as Recipient is still employed with the Company. All PSE will also vest and convert upon the Reporting Person's death. In the event of a change in control, some or all of the equivalents will also vest. All equivalents that do not vest will be forfeited.
(6)	Restricted Stock Equivalents (RSE) granted will vest and convert into shares of ENR Common Stock on 11/5/2015 as long as Recipient is still employed on said date. All RSEs will also vest and convert upon the Reporting Person's death, or in the event of a change of control of the Company.
(7)	12.5% of Restricted Stock Equivalents will vest and convert into shares of ENR common stock in November, 2013, only if CAGR in EPS equals or exceeds 5% for the period between 9/30/10 and 9/30/13, proportionately increasing in 1/10th of 1% increments up to 100% of the RSEs granted if 12% or greater CAGR for that period is achieved. All RSEs will also vest and convert upon the Reporting Person's death or permanent disability. In the event of a change of control, at least 50% of the RSEs will vest, with additional percentages potentially vesting dependent upon CAGR in EPS prior to the change of control.
(8)	Restricted Stock Equivalents (RSE) granted will vest and convert into shares of ENR Common Stock on 10/18/2013 as long as Recipient is still employed on said date. All RSEs will also vest and convert upon the Reporting Person's death or permanent disability, or in the event of a change of control.
(9)	16.5% of Restricted Stock Equivalents will vest and convert into shares of ENR common stock in November, 2014, only if CAGR in EPS equals or exceeds 5% for the period between 9/30/11 and 9/30/14, proportionately increasing in 1/10th of 1% increments up to 100% of the RSEs granted if 12% or greater CAGR for that period is achieved. All RSEs will also vest and convert upon the Reporting Person's death or permanent disability. In the event of a change of control, at least 50% of the RSEs will vest, with additional percentages potentially vesting dependent upon CAGR in EPS prior to the change of control.
(10)	Restricted Stock Equivalents (RSE) granted will vest and convert into shares of ENR Common Stock on 11/7/2014 as long as Recipient is still employed on said date. All RSEs will also vest and convert upon the Reporting Person's death or permanent disability, or in the event of a change of control of the Company.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. n:justify;font-size:10pt;">Northwest Exterminating, LLC, a wholly-owned subsidiary of the Company founded in 1951, was acquired by Rollins, Inc. in August 2017. Northwest specializes in residential and commercial termite control, pest control, mosquito control, wildlife services, lawn care, insulation, and HVAC services, focusing on the Southeast United States.

The Company has several smaller wholly-owned subsidiaries that in total make up less than 5% of the Company’s total revenues.

31

The Company has only one reportable segment, its pest and termite control business. Revenue, operating profit and identifiable assets for this segment, includes the United States, Canada, Australia, Central America, the Caribbean, the Middle East, Asia, the Mediterranean, Europe, Africa, and Mexico. The Company's results of operations and its financial condition are not reliant upon any single customer, few customers or foreign operations.
Principles of Consolidation— The Company's Consolidated Financial Statements include the accounts of Rollins, Inc. and our wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The Company does not consolidate the financial statements of any company in which it has an ownership interest of 50% or less. The Company is not the primary beneficiary of, nor does it have a controlling financial interest in, any variable interest entity. Accordingly, the Company has not consolidated any variable interest entity. The Company reclassified certain prior period amounts, none of which were material, to conform to the current period presentation. All material intercompany accounts and transactions have been eliminated.

Subsequent Events—The Company evaluates its financial statements through the date the financial statements are issued. As of the filing date, February 26, 2018, there were no subsequent events that would affect the Company's financial statements.
Estimates Used in the Preparation of Consolidated Financial Statements—The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the accompanying notes and financial statements. Actual results could differ from those estimates.
Revenue Recognition— The Company's revenue recognition policies are designed to recognize revenues at the time services are performed. For certain revenue types, because of the timing of billing and the receipt of cash versus the timing of performing services, certain accounting estimates are utilized. Residential and commercial pest control services are primarily recurring in nature on a monthly, bi-monthly or quarterly basis, while certain types of commercial customers may receive multiple treatments within a given month. In general, pest control customers sign an initial 1-year contract, and revenues are recognized at the time services are performed. For pest control customers, the Company offers a discount for those customers who prepay for a full year of services. The Company defers recognition of these advance payments and recognizes the revenue as the services are rendered. The Company classifies the discounts related to the advance payments as a reduction in revenues.
Termite baiting revenues are recognized based on the delivery of the individual units of accounting. At the inception of a new baiting services contract, upon quality control review of the installation, the Company recognizes revenue for the installation of the monitoring stations, initial directed liquid termiticide treatment and servicing of the monitoring stations. A portion of the contract amount is deferred for the undelivered monitoring element. This portion is recognized as income on a straight-line basis over the remaining contract term, which results in recognition of revenue in a pattern that approximates the timing of performing monitoring visits. The allocation of the purchase price to the two deliverables is based on the estimated relative selling price. There are no contingencies related to the delivery of additional items or meeting other specified performance conditions. Baiting renewal revenue is deferred and recognized over the annual contract period on a straight-line basis that approximates the timing of performing the required monitoring visits.
Revenue received for conventional termite renewals is deferred and recognized on a straight-line basis over the remaining contract term; and, the cost of reinspections, reapplications and repairs and associated labor and chemicals are expensed as incurred. For outstanding claims, an estimate is made of the costs to be incurred (including legal costs) based upon current factors and historical information. The performance of reinspections tends to be close to the contract renewal date and while reapplications and repairs involve an insubstantial number of the contracts, these costs are incurred over the contract term. As the revenue is being deferred, the future cost of reinspections, reapplications and repairs and associated labor and chemicals applicable to the deferred revenue are expensed as incurred. The Company accrues for noticed claims. The costs of providing termite services upon renewal are compared to the expected revenue to be received and a provision is made for any expected losses.
All revenues are reported net of sales taxes.

The Company’s foreign operations accounted for approximately 8% of revenues for the year ended December 31, 2017 and 7% for the years ended December 2016 and 2015. Currency exchange translation and increases in foreign revenues are the cause of the increased percentage from 2016.
Interest income on installment receivables is accrued monthly based on actual loan balances and stated interest rates. Recognition of initial franchise fee revenues occurs when all material services or conditions relating to a new agreement have been substantially performed or satisfied by the Company, and initial franchise fees are treated as unearned revenue in the Statement of Financial Position until such time. Royalties from franchises are accrued and recognized as revenues as earned on a monthly basis. Gains on sales of pest control customer accounts to franchises are recognized at the time of sale and when collection is reasonably assured.

32

Allowance for Doubtful Accounts— The Company maintains an allowance for doubtful accounts based on the expected collectability of accounts receivable. Management uses historical collection results as well as accounts receivable aging in order to determine the expected collectability of accounts receivable. Substantially all of the Company's receivables are due from pest control and termite services in the United States and selected international locations. The Company's allowance for doubtful accounts is determined using a combination of factors to ensure that our receivables are not overstated due to uncollectability. The Company's established credit evaluation procedures seek to minimize the amount of business we conduct with higher risk customers. Provisions for doubtful accounts are recorded in selling, general and administrative expenses. Accounts are written-off against the allowance for doubtful accounts when the Company determines that amounts are uncollectible and recoveries of amounts previously written off are recorded when collected. Significant recoveries will generally reduce the required provision in the period of recovery. Therefore, the provision for doubtful accounts can fluctuate significantly from period to period. There were no large recoveries in 2017, 2016, and 2015. We record specific provisions when we become aware of a customer's inability to meet its financial obligations to us, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. If circumstances related to customers change, our estimates of the realizability of receivables would be further adjusted, either upward or downward.

Advertising—Advertising costs are charged to sales, general and administrative expense during the year in which they are incurred.

Years ended December 31,	2017	2016	2015
(in thousands)			
Advertising	$66,115	$61,258	$57,705

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

The Company's $107.1 million of total cash at December 31, 2017, is primarily cash held at various banking institutions. Approximately $57.8 million is held in cash accounts at international bank institutions and the remaining $49.3 million is primarily held in Federal Deposit Insurance Corporation ("FDIC") insured non-interest-bearing accounts at various domestic banks which at times may exceed federally insured amounts.

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 no third-party debt to service. Rollins maintains adequate liquidity and capital resources, without regard to its foreign deposits, that are directed to finance domestic operations and obligations and to fund expansion of its domestic business for the foreseeable future.

At December 31,	2017	2016
(in thousands) (in US dollars)		
Cash held in foreign bank accounts	$57,790	$54,424

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

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designations as of each balance sheet date. Debt securities are classified as available-for-sale because the Company does not have the intent to hold the securities to maturity. Available-for-sale securities are stated at their fair values, with the unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity. Realized gains and losses and declines in value judged to be other than temporary on available-for-sale securities are included as a component of interest income.

The Company had no marketable securities other than those held in the defined benefit pension plan and the non-qualified deferred compensation plan at December 31, 2017 and 2016. See note 14 for further details.

Materials and Supplies— Materials and supplies are recorded at the lower of cost (first-in, first-out basis) or market.

33

Income Taxes—The Company provides for income taxes based on FASB ASC topic 740 "Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. The Company provides an allowance for deferred tax assets when it determines that it is more likely than not that the deferred tax assets will not be utilized. The Company establishes additional provisions for income taxes when, despite the belief that tax positions are fully supportable, there remain certain positions that do not meet the minimum probability threshold. The Company's policy is to record interest and penalties related to income tax matters in income tax expense.

Equipment and Property— Equipment and Property are stated at cost, net of accumulated depreciation, and are provided principally on a straight-line basis over the estimated useful lives of the related assets. Annual provisions for depreciation are computed using the following asset lives: buildings, 10 to 40 years; and furniture, fixtures, and operating equipment, 2 to 10 years. Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are expensed as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation and amortization are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to income. The annual provisions for depreciation, below, have been reflected in the Consolidated Statements of Income in the line item entitled Depreciation and Amortization.

Years ended December 31,	2017	2016	2015
(in thousands)			
Depreciation	$27,381	$24,725	$19,354

Goodwill and Other Intangible Assets— In accordance with the FASB ASC Topic 350, “Intangibles - Goodwill and other”, the Company classifies intangible assets into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. The Company does not amortize intangible assets with indefinite lives or goodwill. Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or circumstances indicate the assets might be impaired. Such conditions may include an economic downturn or a change in the assessment of future operations. The Company performs impairment tests of goodwill at the Company level. Such impairment tests for goodwill include comparing the fair value of the appropriate reporting unit (the Company) with its carrying value. If the fair value of the reporting unit is lower than its carrying value, then the Company will compare the implied fair value of goodwill to its carrying value. Impairment losses are recognized whenever the implied fair value of goodwill is less than its carrying value. The Company performs impairment tests for indefinite-lived intangible assets by comparing the fair value of each indefinite-lived intangible asset unit to its carrying value. The Company recognizes an impairment charge if the asset’s carrying value exceeds its estimated fair value. The Company completed its most recent annual impairment analysis as of September 30, 2017. Based upon the results of these analyses, the Company has concluded that no impairment of its goodwill or intangible assets with indefinite lives was indicated.

Impairment of Long-Lived Assets - In accordance with the FASB ASC Topic 360, “Property, Plant and Equipment”, the Company’s long-lived assets, such as property and equipment and intangible assets with definite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. We periodically evaluate the appropriateness of remaining depreciable lives assigned to long-lived assets, including customer contracts and assets that may be subject to a management plan for disposition.

Insurance—The Company retains, up to specified limits, certain risks related to general liability, workers’ compensation and vehicle liability. The estimated costs of existing and future claims under the retained loss program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The Company contracts with an independent third party actuary on a semi-annual basis to provide the Company an estimated liability based upon historical claims information. The actuarial study is a major consideration

in establishing the reserve, along with management's knowledge of changes in business practice and existing claims compared to current balances. Management's judgment is inherently subjective and a number of factors are outside management's knowledge and control. Additionally, historical information is not always an accurate indication of future events.

Accrual for Termite Contracts—The Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future costs include termiticide life expectancy and government regulation. It is significant that the actual number of claims has decreased in recent years due to changes in the Company's business practices. However, it is not possible to precisely predict future significant claims. An accrual for termite contracts is included in other current liabilities and long-term accrued liabilities on the Company's consolidated statements of financial position.
Contingency Accruals—The Company is a party to legal proceedings with respect to matters in the ordinary course of business. In accordance with the FASB ASC Topic 450 "Contingencies," management estimates and accrues for its liability and costs associated with the litigation. Estimates and accruals are determined in consultation with outside counsel. Because it is not possible to accurately predict the ultimate result of the litigation, judgments concerning accruals for liabilities and costs associated with litigation are inherently uncertain and actual liability may vary from amounts estimated or accrued. However, in the opinion of management, the outcome of the litigation will not have a material adverse impact on the Company's financial condition or results of operations. Contingency accruals are included in other current liabilities and long-term accrued liabilities on the Company's consolidated statements of financial position.

Three-for-two stock split—The Board of Directors at its quarterly meeting on January 27, 2015, authorized a three-for-two stock split by the issuance on March 10, 2015 of one additional common share for each two common shares held of record at February 10, 2015. All share and per share data appearing in the consolidated financial statements and related notes are restated for the three-for-two stock split.

Earnings Per Share— the FASB ASC Topic 260-10 "Earnings Per Share-Overall," requires a basic earnings per share and diluted earnings per share presentation. Further, all outstanding unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are considered participating securities and an entity is required to include participating securities in its calculation of basic earnings per share.

The Company has periodically issued share-based payment awards that contain non-forfeitable rights to dividends and therefore are considered participating securities. See note 15 for further information on restricted stock granted to employees.

The basic and diluted calculations are the same as there were no stock options included in diluted earnings per share as we have no stock options outstanding. Basic and diluted earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the respective periods.

A reconciliation of weighted average shares outstanding along with the earnings per share attributable to restricted shares of common stock (participating securities) is as follows (in thousands except per share data). All share and per share information in the following chart are restated for the stock split effective March 10, 2015:

Years Ended December 31,	2017	2016	2015
Net income available to stockholders	$179,124	$167,369	$152,149
Less: Dividends paid			
Common Stock	(120,930)	(107,880)	(90,631)
Restricted shares of common stock	(1,087)	(1,122)	(1,124)
Undistributed earnings for the period	$57,107	$58,367	$60,394
Allocation of undistributed earnings:			
Common stock	$56,567	$57,722	$59,611
Restricted shares of common stock	540	645	783
Basic and diluted shares outstanding:			
Common stock	215,927	215,831	215,749
Restricted shares of common stock	2,061	2,413	2,834
	217,988	218,244	218,583
Basic and diluted earnings per share:			
Common stock:			
Distributed earnings	$0.56	$0.50	$0.42
Undistributed earnings	0.26	0.27	0.28
	$0.82	$0.77	$0.70
Restricted shares of common stock			
Distributed earnings	$0.53	$0.46	$0.40
Undistributed earnings	0.26	0.27	0.28
	$0.79	$0.73	$0.68

Translation of Foreign Currencies—Assets and liabilities reported in functional currencies other than U.S. dollars are translated into U.S. dollars at the year-end rate of exchange. Revenues and expenses are translated at the weighted-average exchange rates for the year. The resulting translation adjustments are charged or credited to other comprehensive income. Gains or losses from foreign currency transactions, such as those resulting from the settlement of receivables or payables, denominated in foreign currency are included in the earnings of the current period.
Stock-Based Compensation— The Company accounts for its stock-based compensation in accordance with the FASB ASC Topic 718 “Compensation – Stock Compensation.” Time lapse restricted shares (TLRSs) have been issued to officers and other management employees under the Company’s Employee Stock Incentive Plan.
TLRSs provide for the issuance of a share of the Company’s Common Stock at no cost to the holder and generally vest after a certain stipulated number of years from the grant date, depending on the terms of the issue. Outstanding TLRSs vest in 20 percent increments starting with the second anniversary of the grant, over six years from the date of grant. During these years, grantees receive all dividends declared and retain voting rights for the granted shares. The agreements under which the restricted stock is issued provide that shares awarded may not be sold or otherwise transferred until restrictions established under the plans have lapsed. The fair value of these awards is recognized as compensation expense, net of forfeitures, on a straight-line basis over six years.

Comprehensive Income (Loss)—Other Comprehensive Income (Loss) results from foreign currency translations and minimum pension liability adjustments.

Franchising Program – Rollins' wholly-owned subsidiary, Orkin, had 47, 50 and 51 domestic franchises as of December 31, 2017, 2016 and 2015, respectively. Transactions with Orkin's domestic franchises involve sales of customer contracts to establish new Orkin franchises, initial franchise fees and royalties. The customer contracts and initial Orkin franchise fees are typically sold for a combination of cash and notes due over periods ranging up to five years. Notes receivable from Orkin franchises were $5.9 million at December 31, 2017 and $5.0 million at December 31, 2016. These amounts are included as financing receivables in the accompanying Consolidated Statements of Financial Position.

All Orkin domestic franchises have a guaranteed repurchase clause that the Orkin franchise may be repurchased by Orkin at a later date once it has been established; therefore, initial Orkin domestic franchise fees are deferred in accordance with the Financial Accounting Standards Board ("FASB) Accounting Standards Codification ("ASC") Topic 952-605 “Franchisor Revenue Recognition,” for the duration of the initial contract period and are included as unearned revenue in the Consolidated Statements of Financial Position. Deferred Orkin franchise fees were $3.4 million, $3.0 million, and $2.9 million at December 31, 2017, 2016, and 2015, respectively.

As of December 31, 2017, 2016 and 2015, Orkin had 81, 70, and 48 international franchises, respectively. Orkin's international franchise program began with its first international franchise in 2000 and since has expanded to Central America, South America, the Caribbean, the Middle East, Asia, the Mediterranean, Europe, Africa and Mexico.

Royalties from Orkin franchises are accrued and recognized in accordance with the FASB ASC Topic 952-605 “Franchisor Revenue Recognition,” as revenues are earned on a monthly basis. Revenue from Orkin franchises was $5.4 million for the year ended December 31, 2017 and $5.1 million and $4.9 million for the years ended 2016 and 2015, respectively.

The Company's maximum exposure to loss (notes receivable from franchises less deferred franchise fees) relating to the Orkin franchises was $2.5 million, $2.0 million, and $1.5 million for the years ended December 31, 2017, 2016 and 2015, respectively.
Rollins' wholly-owned subsidiary, Critter Control, had 89 and 94 franchises in the United States and Canada as of December 31, 2017 and 2016, respectively. Transactions with Critter Control franchises involve sales of territories to establish new franchises, initial franchise fees and royalties. The territories and initial franchise fees are typically sold for a combination of cash and notes. Notes receivable from franchises were $0.2 million and $0.3 million at December 31, 2017 and 2016, respectively. These notes are not guaranteed. The Company anticipates that should there be any losses from franchisees these losses would be recouped by removing the individual franchisee and re-selling the abandoned territory. These amounts are included as financing receivables in the accompanying Consolidated Statements of Financial Position.

Recent Accounting Guidance
Recently issued accounting standards to be adopted in 2018 or later

In May 2014, the Financial Accounting Standards Board (“FASB”) and International Accounting Standards Board issued their converged standard on revenue recognition Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers: Topic 606. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. The standard prescribes a five-step model for recognizing revenue, the application of which will require significant judgment. The FASB issued ASU 2015-14 in August 2015 which resulted in a deferral of the original effective date of ASU 2014-09. During 2016, the FASB issued four ASUs that address implementation issues and correct or improve certain aspects of the new revenue recognition guidance, including ASU 2016-08, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU 2016-10, Identifying Performance Obligations and Licensing, ASU 2016-12, Narrow-Scope Improvements and Practical Expedients and ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers. These ASUs do not change the

core principles in the revenue recognition guidance outlined above. ASU No. 2014-09 and the related ASUs referenced above are effective for Rollins, Inc. beginning January 1, 2018. The Company has completed its detailed review of all global revenue arrangements in accordance with these ASUs and the adoption of these ASUs January 1, 2018 has had no impact on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flow Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in this update are effective for the Company's financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods. Earlier adoption is permitted for any entity in any interim or annual reporting period. The Company adopted this ASU on January 1, 2018 it had no impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in ASC 606. The amendments in the update are effective for the Company's financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those years. The Company adopted this ASU on January 1, 2018 it had no impact on its consolidated financial statements.

In March 2017, the FASB issued Accounting Standards Update No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post retirement Benefit Cost ("ASU 2017-07"). The update requires employers to present the service cost component of the net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. The other components of net benefit cost, including interest cost, expected return on plan assets, amortization of prior service cost/credit and actuarial gain/loss, and settlement and curtailment effects, are to be presented outside of any subtotal of operating income. Employers will have to disclose the line(s) used to present the other components of net periodic benefit cost, if the components are not presented separately in the income statement. ASU 2017-07 is effective for fiscal years and interim periods beginning after December 15, 2017. The Company adopted this ASU on January 1, 2018 it had no impact on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, an update to ASC Topic 718, Compensation - Stock Compensation. ASU 2017-09 clarifies the types of changes to the terms and conditions of a share-based payment award that requires modification accounting. ASU 2017-09 does not change the accounting for modification of share-based awards, but clarifies that modification accounting should only be applied if there is a change to the value, vesting condition or award classification and would not be required if the changes are considered non-substantive. ASU 2017-09 is effective for interim and annual reporting periods in fiscal years that begin after December 31, 2017. The adoption of the provisions of ASU 2017-09 on January 1, 2018 will not have an impact on our consolidated financial statements.
In June of 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The updated accounting guidance requires changes to the recognition of credit losses on financial instruments not accounted for at fair value through net income. The guidance is effective for interim and annual periods beginning after December 15, 2019. The Company is currently evaluating the effect the guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). In September 2017, the FASB issued ASU 2017-13, Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842), which provides additional implementation guidance on the previously issued ASU 2016-02 Leases (Topic 842). ASU 2016-02 requires a lessee to recognize assets and liabilities on the balance sheet for leases with lease terms greater than 12 months. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, and early adoption is permitted. Based on a preliminary assessment, the Company expects the adoption of this guidance to have a material impact on its assets and liabilities due to the recognition of right-of-use assets and lease liabilities on its consolidated balance sheets at the beginning of the earliest period presented. The Company is continuing its assessment, which may identify additional impacts this guidance will have on its consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the current Step 1). The standard in this update is effective for the Company's financial statements

issued for fiscal years beginning in 2020. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815), which provides new guidance intended to improve the financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements. This ASU is effective for the Company beginning in fiscal year 2020. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

38

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2. ACQUISITIONS

The Company has made 23, and 34 acquisitions that are not material individually or in the aggregate to the Company's consolidated financial statements during the years ended December 31, 2017, and 2016, respectively. The largest acquisitions made during these periods are as follows:

The Company completed the acquisition of Northwest Exterminating effective August 1, 2017. Northwest was established in 1951 and services approximately 120,000 customers in Georgia, South Carolina, Tennessee, Alabama, and North Carolina. Northwest Exterminating is the 17th largest pest control operator in the country, making it the largest Rollins acquisition since the Company acquired HomeTeam Pest Defense in 2008.

Rollins UK was formed as a wholly-owned subsidiary of the Company to acquire Safeguard Pest Control ("Safeguard"). Safeguard, which was acquired in June 2016, is a pest control company established in the United Kingdom in 1991 with a history of providing superior pest control, bird control, and specialist services to residential and commercial customers.

Total cash purchase price for the Company's acquisitions in 2017 and 2016 were $130.2 million and $46.3 million, respectively.

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

December 31,	2017	2016
Accounts receivable, net	$3,836	$3,334
Materials and supplies	312	353
Equipment and property	3,027	4,525
Goodwill	87,261	6,468
Customer contracts	60,695	49,365
Other intangible assets	20,086	1,285
Current liabilities	(30,344)	(10,809)
Other assets and liabilities, net	1,209	(594)
Total consideration paid	146,082	53,927
Less: Contingent consideration liability	(15,893)	(7,619)
Total cash purchase price	$130,189	$46,308

3. DEBT

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 Credit Agreement was amended on October 30, 2014 to extend the maturity date to October 31, 2018 and add three optional one year extensions. On October 27, 2015 the Company exercised a one year extension option to extend the maturity date to October 31, 2019. As of December 31, 2017, no borrowings were outstanding under the line of credit or under the swingline subfacility. The Company maintains approximately $29.4 million in letters of credit. These letters of credit are required by the Company's fronting insurance companies and/or certain states, due to the Company's self-insured status, to secure various workers' compensation and casualty insurance contracts coverage. The Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate such claims.

The Revolving Credit Agreement is guaranteed by certain of Rollins' domestic-subsidiaries. The maturity date of the Credit Agreement is October 31, 2019, subject to up to two optional extensions of the Credit Agreement for one year

each. Revolving loans under the Revolving Credit Agreement bear interest at one of the following two rates, at the Company's election:

- the Base Rate, which shall mean the highest of (i) the per annum rate which the Administrative Agent publicly announces from time to time as its prime lending rate, (ii) the Federal Funds rate, plus 0.50% per annum, and (iii) the Adjusted LIBOR Rate (which equals LIBOR as increased to account for the maximum reserve percentages established by the U.S. Federal Reserve) determined on a daily basis for an interest period of one (1)month, plus 1.0% per annum.

39

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with respect to any Eurodollar borrowings, the Adjusted LIBOR Rate plus an additional amount, which varies between 0.75% and 1.00%, based upon Rollins' then-current debt-to-EBITDA ratio. As of December 31, 2017, the additional rate allocated was .75%.

The Revolving Credit Agreement contains customary terms and conditions, including, without limitation, certain financial covenants including covenants restricting the Company's ability to incur certain indebtedness or liens, or to merge or consolidate with or sell substantially all of its assets to another entity. Further, the Revolving Credit Agreement contains financial covenants restricting the Company's ability to permit the ratio of the Company's consolidated debt to EBITDA to exceed certain limits.

The Company was in compliance with applicable debt covenants at December 31, 2017 and expects to maintain compliance throughout 2018.

4. TRADE RECEIVABLES:

The Allowance for Doubtful Accounts is principally calculated based on the application of estimated loss percentages to delinquency aging totals, based on contractual terms, for the various categories of receivables. Bad debt write-offs occur according to Company policies that are specific to pest control, commercial and termite accounts.

December 31,	2017	2016
(in thousands)		
Gross trade receivables	$109,616	$99,933
Allowance for doubtful accounts	(11,814)	(11,443)
Net trade receivables	$97,802	$88,490

At any given time, the Company may have immaterial amounts due from related parties, which are invoiced and settled on a regular basis.

5. FINANCING RECEIVABLES

Rollins manages its financing receivables on an aggregate basis when assessing and monitoring credit risks. The Company's credit risk is generally low with a large number of entities comprising Rollins' customer base and dispersion across many different geographical regions. The credit quality of a potential obligor is evaluated at the loan origination based on an assessment of the individual's Beacon/credit bureau score. Rollins requires a potential obligor to have good credit worthiness with low risk before entering into a contract. Depending upon the individual's credit score the Company may accept with 100% financing or require a significant down payment or turndown the contract. Delinquencies of accounts are monitored each month. Financing receivables include installment receivable amounts which are due subsequent to one year from the balance sheet dates.

At December 31,	2017	2016
(in thousands)		
Gross financing receivables, short-term	$18,798	$17,695
Gross financing receivables, long-term	21,771	18,178
Allowance for doubtful accounts	(2,892)	(3,157)
Net financing receivables	$37,677	$32,716

Total financing receivables, net were $37.7 million and $32.7 million at December 31, 2017 and December 31, 2016, respectively. Financing receivables are generally charged-off when deemed uncollectable or when 180 days have elapsed since the date of the last full contractual payment. The Company's charge-off policy has been consistently applied during the periods reported. Management considers the charge-off policy when evaluating the appropriateness of the allowance for doubtful accounts. Gross charge-offs as a percentage of average financing receivables were 4.3% and 3.2% for the twelve months ended December 31, 2017 and December 31, 2016, respectively. Due to the low percentage of charge-off receivables and the high credit worthiness of the potential obligor, Management considers the entire Rollins, Inc. financing receivables portfolio has a low credit risk.

The Company offers 90 days same-as-cash financing to some customers based on their credit worthiness. Interest is not recognized until the 91st day at which time it is recognized retrospectively back to the first day if the contract has not been paid in full. In certain circumstances, such as when delinquency is deemed to be of an administrative nature,

accounts may still accrue interest

40

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when they reach 180 days past due. As of December 31, 2017 and 2016, there were ten and seven accounts that were greater than 180 days past due, respectively, which have been fully reserved.

Included in financing receivables are notes receivable from franchise owners. The majority of these notes are low risk as the repurchase of these franchises is guaranteed by the Company’s wholly-owned subsidiary, Orkin, Inc., and the repurchase price of the franchise is currently estimated and has historically been well above the receivable due from the franchise owner. Also included in notes receivables are franchise notes from other brands which are not guaranteed and do not have the same historical valuation.

The carrying amount of notes receivable approximates fair value as the interest rates approximate market rates for these types of contracts. Long-term installment receivables, net were $20.4 million and $16.7 million at December 31, 2017 and 2016, respectively.

Rollins establishes an allowance for doubtful accounts to insure financing receivables are not overstated due to uncollectability. The allowance balance is comprised of a general reserve, which is determined based on a percentage of the financing receivables balance, and a specific reserve, which is established for certain accounts with identified exposures, such as customer default, bankruptcy or other events, that make it unlikely that Rollins will recover its investment. The general reserve percentages are based on several factors, which include consideration of historical credit losses and portfolio delinquencies, trends in overall weighted-average risk rating of the portfolio and information derived from competitive benchmarking.

The allowance for doubtful accounts related to financing receivables was as follows:

At December 31,	2017	2016
(in thousands)		
Balance, beginning of period	$3,157	$3,288
Additions to allowance	1,424	890
Deductions, net of recoveries	(1,689)	(1,021)
Balance, end of period	$2,892	$3,157

The following is a summary of the past due financing receivables:

December 31,	2017	2016
(in thousands)		
30-59 days past due	$1,167	$1,384
60-89 days past due	385	347
90 days or more past due	995	937
Total	$2,547	$2,668

The following is a summary of percentage of gross financing receivables:

December 31,	2017	2016
Current	93.7 %	92.5 %
30-59 days past due	2.9 %	3.9 %
60-89 days past due	0.9 %	1.0 %
90 days or more past due	2.5 %	2.6 %
Total	100.0%	100.0%

41

6. EQUIPMENT AND PROPERTY

Equipment and property are presented at cost less accumulated depreciation and are detailed as follows:

December 31,	2017	2016
(in thousands)		
Buildings	$51,023	$50,119
Operating equipment	91,430	82,196
Furniture and fixtures	17,672	16,255
Computer equipment and systems	163,220	150,661
	323,345	299,231
Less—accumulated depreciation	(213,809)	(190,279)
	109,536	108,952
Land	24,552	24,525
Net equipment and property	$134,088	$133,477

Included in equipment and property, net at December 31, 2017 and 2016, are fixed assets held in foreign countries of $4.9 million, and $4.6 million, respectively.

Total depreciation expense was approximately $27.4 million in 2017, $24.7 million in 2016 and $19.4 million in 2015.

42

7. FAIR VALUE MEASUREMENT

The Company’s financial instruments consist of cash and cash equivalents, short-term investments, trade and notes receivables, accounts payable, and other short-term liabilities. The carrying amounts of these financial instruments approximate their fair values. The Company has financial instruments related to its defined benefit pension plan and deferred compensation plan detailed in note 14.

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, and Level 3 includes fair values estimated using significant non-observable inputs.

The following table presents our non-qualified deferred compensation plan assets using the fair value hierarchy as of December 31, 2017.

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 95	$ 95	$ —	$ —
Total	$ 95	$ 95	$ —	$ —

The following table presents our non-qualified deferred compensation plan assets using the fair value hierarchy as of December 31, 2016.

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$188	$188	$ —	$ —
Total	$188	$188	$ —	$ —

Cash and cash equivalents, which are used to pay benefits and deferred compensation plan administrative expenses, are held in Money Market Funds.

At December 31, 2017 the Deferred Compensation Plan had 70 life insurance policies with a net face value of $43.4 million. The cash surrender value of these life insurance policies had a net realizable value of $18.3 million and $15.7 million at December 31, 2017 and 2016, respectively. The total deferred compensation plan assets, recorded in other assets on the Company’s consolidated statements of financial position, were $18.4 million and $15.9 million at December 31, 2017 and 2016, respectively.

8. GOODWILL

Goodwill represents the excess of the purchase price over the fair value of net assets of businesses acquired. The carrying amount of goodwill was $346.5 million as of December 31, 2017 and $255.7 million as of December 31, 2016. Goodwill increased for the year ended December 31, 2017 due primarily to acquisitions, partially offset by currency conversion of foreign goodwill. The carrying amount of goodwill in foreign countries was $46.3 million as of December 31, 2017 and $42.7 million as of December 31, 2016. The changes in the carrying amount of goodwill for the twelve months ended December 31, 2017 and 2016 are as follows:

(in thousands)	
Goodwill at December 31, 2015	$249,939
Goodwill acquired	8,613
Goodwill adjustments due to currency translation	(2,887)
Goodwill at December 31, 2016	$255,665
Goodwill acquired	87,261

Goodwill adjustments due to currency translation	3,588
Goodwill at December 31, 2017	$346,514

43

9. CUSTOMER CONTRACTS AND OTHER INTANGIBLE ASSETS

Customer contracts are amortized on a straight-line basis over the period of the agreements, as straight-line best approximates the ratio that current revenues bear to the total of current and anticipated revenues, based on the estimated lives of the assets. In accordance with the FASB ASC Topic 350 “Intangibles - Goodwill and other”, the expected lives of customer contracts were reviewed, and it was determined that customer contracts should be amortized over a life of 7 to 20 years dependent upon customer type. The carrying amount and accumulated amortization for customer contracts were as follows:

December 31,	2017	2016
(in thousands)		
Customer contracts	$290,628	$251,194
Less: Accumulated amortization	(137,759)	(133,728)
Customer contracts, net	$152,869	$117,466

The carrying amount of customer contracts in foreign countries was $29.8 million as of December 31, 2017 and $29.7 million as of December 31, 2016.

Other intangible assets include non-compete agreements, patents and finite lived and indefinite lived trade names. Non-compete agreements are amortized on a straight-line basis over periods ranging from 3 to 20 years and patents are amortized on a straight-line basis over 15 years. The carrying amount and accumulated amortization for other intangible assets were as follows:

At December 31,	2017	2016
(in thousands)		
Other intangible assets	$75,780	$56,937
Less: Accumulated amortization	(14,232)	(12,627)
Other intangible assets, net	$61,548	$44,310

The carrying amount of other intangible assets in foreign countries was $3.5 million as of December 31, 2017 and $3.8 million as of December 31, 2016.

Included in the table above are trademarks and trade names of $35.0 million and $32.7 million at December 31, 2017 and 2016, respectively. Also included in the table above are non-amortizable, indefinite lived intangible assets of $32.2 million and $29.7 million at December 31, 2017 and 2016, respectively.

The carrying amount of customer contracts and other intangible assets, net were as follows:

December 31,	2017	2016
(in thousands)		
Customer contracts, net	$152,869	$117,466
Other intangible assets, net	61,548	44,310
Customer contracts and other intangible assets, net	$214,417	$161,776

Total amortization expense was approximately $29.2 million in 2017, $26.2 million in 2016 and $25.2 million in 2015.

Estimated amortization expense for the existing carrying amount of customer contracts and other intangible assets for each of the five succeeding fiscal years are as follows:

(in thousands)	
2018	$27,029
2019	24,052
2020	21,872
2021	20,431
2022	18,925

10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

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

Hedges of Foreign Exchange Risk

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

The Company does not currently designate any of these foreign exchange forwards under hedge accounting, but rather reflects the changes in fair value immediately in earnings. Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to foreign exchange rates. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and were equal to a net loss of $0.3 million for the twelve months ended December 31, 2017 and $0.4 million in 2016, respectively. As of December 31, 2017, the Company had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships (in thousands except for number of instruments):

Non- Designated Derivatives Summary			
	Number of Instruments	Sell Notional	Buy Notional
FX Forward Contracts			
Sell AUD/Buy USD Fwd Contract	9	$ 1,250	$ 960
Sell CAD/Buy USD Fwd Contract	14	$ 8,750	$ 6,864
Total	23	—	$ 7,824

45

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

	Tabular Disclosure of Fair Values of Derivative Instruments			
	Derivative Asset		Derivative Liabilities	
	Fair Value as of:			
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Derivatives Not Designated as Hedging Instruments				
FX Forward Contracts				
Balance Sheet Location	Other Assets	Other Assets	Other Current Liabilities	Other Current Liabilities
Sell AUD/Buy USD Fwd Contract	$—	$—	$(9)	$—
Sell CAD/Buy USD Fwd Contract	$—	$—	$(61)	$—
Total	$—	$—	$(70)	$—

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

Effect of Derivative Instruments on the Income Statement for Derivatives Not Designated as Hedging Instruments for the Twelve Months Ended December 31, 2017 and 2016

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income	Amount of Gain or (Loss) Recognized in Income Twelve Months Ended December 31,	
		2017	2016
Sell AUD/Buy USD Fwd Contract	Other Inc/(Exp)	$(29)	$(24)
Sell CAD/Buy USD Fwd Contract	Other Inc/(Exp)	(304)	(406)
Total		$(333)	$(430)

46

11. INCOME TAXES

The Company’s income tax provision consisted of the following:

For the years ended December 31,	2017	2016	2015
(in thousands)			
Current:			
Federal	$76,178	$69,102	$68,667
State	13,406	12,949	11,335
Foreign	7,158	14,464	7,534
Total current tax	96,742	96,515	87,536
Deferred:			
Federal	17,249	(5,991)	1,286
State	1,610	2,892	2,078
Foreign	(223)	(149)	129
Total deferred tax	18,636	(3,248)	3,493
Total income tax provision	$115,378	$93,267	$91,029

The primary factors causing income tax expense to be different than the federal statutory rate for 2017, 2016, and 2015 are as follows:

For the years ended December 31,	2017	2016	2015
(in thousands)			
Income tax at statutory rate	$103,075	$91,222	$85,112
State income tax expense (net of federal benefit)	9,979	8,876	8,377
Foreign tax expense/(benefit)	(1,613)	9,857	(1,729)
Foreign tax	(221)	(19,155)	(2,816)
Repatriation tax under TCJA	7,956	—	—
Other	(3,798)	2,467	2,085
Total income tax provision	$115,378	$93,267	$91,029

Other includes the release of deferred tax liabilities, tax credits, valuation allowance, and other immaterial adjustments.

On December 22, 2017 the Tax Cuts And Jobs Act ("TCJA") was signed into law. The TCJA reduced the 2018 corporate tax rate from 35.0% to 21.0% and made numerous other tax law changes. Certain tax effects of the TCJA were recognized in year ended December 31, 2017 resulting in the recording of $11.6 million of additional tax expense. The additional tax of $11.6 million related to the following components: $8.0 million related to the imposition of a tax on deemed repatriated earnings of foreign subsidiaries due to implementation of a territorial tax system, $2.9 million related to remeasurement of deferred tax assets to the 21.0% tax rate, and $0.7 million related to reductions in tax benefits on stock compensation. A provisional amount based on reasonable estimates was made with respect to the tax implications associated with the deemed repatriated earnings on foreign subsidiaries based on the initial analysis of the TCJA. This provisional amount is based on information currently available, including estimated tax earnings and profits from foreign investments. The Company continues to gather and analyze information, including historical adjustments to earnings and profits of foreign subsidiaries, in order to complete the accounting for the effects of the estimated transition tax. The TCJA has significant complexity and implementation guidance from the Internal Revenue Service, clarifications of state tax law and the completion of the Company's 2017 tax return filings could all impact these estimates. The Company does not believe potential adjustments in future periods will materially impact the Company's financial condition or results of operations. Any such adjustments will be treated in accordance with the measurement period guidance outlined in Staff Accounting Bulletin ("SAB") No. 118. Additional guidance has been provided to address the accounting for the potential effects related to the taxation of global intangible low-taxed income (GILTI), noting that companies should make an accounting policy election to recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or to include the tax expense in the year incurred. The Company has not completed its analysis of the effects of the GILTI provisions and will further

consider the accounting policy election.

The provision for income taxes resulted in an effective tax rate of 39.2% on income before income taxes for the year ended December 31, 2017. The effective rate differs from the annual federal statutory rate primarily because of state and foreign income taxes and adjustments due to the TCJA partially offset by tax benefits associated with restricted stock.

For 2016 and 2015 the effective tax rate was 35.8% and 37.4%, respectively. The effective income tax rate differs from the annual federal statutory tax rate primarily because of state and foreign income taxes, the increase of available foreign tax credit and the release of certain deferred tax liabilities.

During 2017, 2016 and 2015, the Company paid income taxes of $90.7 million, $88.8 million and $82.7 million, respectively, net of refunds.

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2017 and 2016 are as follows:

December 31,	2017	2016
(in thousands)		
Deferred tax assets:		
Termite accrual	$1,241	$1,848
Insurance and contingencies	18,374	26,560
Unearned revenues	11,152	14,610
Compensation and benefits	11,157	15,798
State and foreign operating loss carryforwards	7,035	12,817
Bad debt reserve	3,203	4,842
Foreign tax credit	7,842	18,213
Other	1,861	1,804
Net Pension liability	—	1,109
Valuation allowance	(24)	(6,507)
Total deferred tax assets	61,841	91,094
Deferred tax liabilities:		
Depreciation and amortization	(18,453)	(21,217)
Net Pension liability	(3,709)	—
Intangibles and other	(21,259)	(28,000)
Total deferred tax liabilities	(43,421)	(49,217)
Net deferred tax assets	18,420	41,877

Analysis of the valuation allowance:

December 31,	2017	2016
(in thousands)		
Valuation allowance at beginning of year	$6,507	$3,969
Change in valuation allowance	(6,483)	2,538
Valuation allowance at end of year	$24	$6,507

As of December 31, 2017, the Company has net operating loss carryforwards for foreign and state income tax purposes of approximately $148 million, which will be available to offset future taxable income. If not used, these carryforwards will expire between 2018 and 2030. Management believes that it is unlikely to be able to utilize approximately $0.1 million of foreign net operating losses before they expire and has included a valuation allowance for the effect of these unrealizable operating loss carryforwards. The valuation allowance decreased by $6.5 million due to the liquidation of a foreign subsidiary.

Earnings from continuing operations before income tax include foreign income of $22.1 million in 2017, $6.4 million in 2016 and $17 million in 2015. The Company’s international business is expanding and we intend to continue to grow the business in foreign

48

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markets in the future through reinvestment of foreign deposits and future earnings as well as acquisition of unrelated companies. Repatriation of cash from the Company's foreign subsidiaries is not part of the Company's current business plan.

The total amount of unrecognized tax benefits at December 31, 2017 that, if recognized, would affect the effective tax rate is $0.6 million. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

December 31,	2017	2016
(in thousands)		
Balance at Beginning of Year	$2,554	$2,554
Additions for tax positions of prior years	594	—
Balance at End of Year	$3,148	$2,554

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. In addition, the Company has subsidiaries in various state and international jurisdictions that are currently under audit for years ranging from 2010 through 2015. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S., income tax examinations for years prior to 2012.
It is reasonably possible that the amount of unrecognized tax benefits will increase in the next 12 months.

The Company's policy is to record interest and penalties related to income tax matters in income tax expense. Accrued interest and penalties were $0.9 million and $0.4 million as of December 31, 2017 and December 31, 2016, respectively. The Company recognized interest and penalties of $0.5 million, $0.1 million, and $0.2 million in 2017, 2016, and 2015, respectively.

12. ACCRUAL FOR TERMITE CONTRACTS

In accordance with the FASB ASC Topic 450 "Contingencies," the Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future cost include termiticide life expectancy and government regulation.
A reconciliation of changes in the accrual for termite contracts is as follows:

For the years ended December 31,	2017	2016
(in thousands)		
Beginning balance	$4,800	$5,085
Current year provision	3,611	3,190
Settlements, claims, and expenditures	(3,526)	(3,475)
Ending balance	$4,885	$4,800

The accrual for termite contracts is included in other current liabilities, $2.9 million and $2.7 million at December 31, 2017 and 2016, respectively and long-term accrued liabilities, $2.0 million and $2.1 million at December 31, 2017 and 2016, respectively on the Company's consolidated statements of financial position.

13. COMMITMENTS AND CONTINGENCIES

The Company leases buildings, vehicles and equipment under operating leases, some of which contain escalation clauses. The Company's operating leases expire at various dates through 2028:

For the years ended December 31,	2017	2016	2015
(in thousands)			
Rental Expense	$72,030	$66,774	$60,508

49

Future commitments under operating leases are as summarized:

(in thousands)	Operating leases
2018	$34,112
2019	24,890
2020	21,355
2021	17,358
2022	14,313
Thereafter	31,511
Total minimum obligation	$143,539

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.

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.

14. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plans

Rollins, Inc. Retirement Income Plan

The Company maintains several noncontributory tax-qualified defined benefit pension plans (the "Plans") covering employees meeting certain age and service requirements. The Plans provide benefits based on the average compensation for the highest five years during the last ten years of credited service (as defined) in which compensation was received, and the average anticipated Social Security covered earnings. The Company funds the Plans with at least the minimum amount required by ERISA. The Company made no contribution for the year ended December 31, 2017 and $3.3 million and $5.0 million to the Plans during the years 2016 and 2015 respectively.

In 2005, the Company ceased all future benefit accruals under the Rollins, Inc. Retirement Income Plan, although the Company remains obligated to provide employees benefits earned through June 2005. In 2016, the Plan was amended to allow certain vested participants the ability to elect for a limited time the commencement of their benefit in the form of a single-sum payment, not to exceed $35,000, or an annuity starting date of December 1, 2016. In total $8.8 million was paid by the Plan during the year ended December 31, 2016, under this program. The Plan did not offer any options for the years ended December 31, 2017 and 2015.

The Company includes the Waltham Services, LLC Hourly Employee Pension Plan in the Company's financial statements. The Company accounts for these defined benefit plans in accordance with the FASB ASC Topic 715 "Compensation- Retirement Benefits", and engages an outside actuary to calculate its obligations and costs. With the assistance of the actuary, the Company evaluates the significant assumptions used on a periodic basis including the estimated future return on plan assets, the discount rate, and other factors, and makes adjustments to these liabilities as necessary.

In June 2005, the Company froze the Rollins, Inc. defined benefit pension plan. The Company currently uses December 31 as the measurement date for its defined benefit post-retirement plans. The funded status of the Plans and the net amount recognized in the statement of financial position are summarized as follows as of:

December 31, (in thousands)	2017	2016
CHANGE IN ACCUMULATED BENEFIT OBLIGATION		
Accumulated benefit obligation at beginning of year	$197,222	$200,375
Service cost	58	71
Interest cost	8,493	9,331
Actuarial (gain) loss	6,762	6,079
Benefits paid	(10,225)	(18,634)
Accumulated Benefit obligation at end of year	202,310	197,222
CHANGE IN PLAN ASSETS		
Market value of plan assets at beginning of year	194,342	190,640
Actual return on plan assets	35,788	19,080
Employer contribution	—	3,256
Benefits paid	(10,225)	(18,634)
Fair value of plan assets at end of year	219,905	194,342
Funded status	$17,595	$(2,880)

Amounts Recognized in the Statement of Financial Position consist of:

December 31, (in thousands)	2017	2016
Noncurrent assets/(liabilities)	$17,595	$(2,880)

Amounts Recognized in Accumulated Other Comprehensive Income consists of:

December 31, (in thousands)	2017	2016
Net actuarial loss	$61,598	$80,662

The accumulated benefit obligation for the defined benefit pension plans were $202.3 million and $197.2 million at December 31, 2017 and December 31, 2016, respectively. Accumulated benefit obligation and projected benefit obligation are materially the same for the Plans. Pre-tax (increases)/decreases in the pension liability which were (charged, net of tax) credited to other comprehensive income/ (loss) were $19.0 million, $3.0 million, and $14.8 million in 2017, 2016, and 2015, respectively.

The following weighted-average assumptions were used to determine the accumulated benefit obligation and net benefit cost:

December 31,	2017	2016	2015
ACCUMULATED BENEFIT OBLIGATION			
Discount rate	4.00%	4.45%	4.70%
Rate of compensation increase	N/A	N/A	N/A
NET BENEFIT COST			
Discount rate	4.45%	4.70%	4.15%
Expected return on plan assets	7.00%	7.00%	7.00%
Rate of compensation increase	N/A	N/A	N/A

The return on plan assets reflects the weighted-average of the expected long-term rates of return for the broad categories of investments held in the plan. The expected long-term rate of return is adjusted when there are fundamental changes in the expected returns on the plan investments.

51

The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, for fiscal year's 2017, 2016, and 2015 the Company utilized a yield curve analysis.

The components of net periodic benefit cost are summarized as follows:

Years ended December 31, (in thousands)	2017	2016	2015
Service cost	$58	$71	$ 86
Interest cost	8,493	9,331	8,915
Expected return on plan assets	(13,368)	(13,219)	(12,788)
Amortization of net loss	3,322	3,263	3,761
Preliminary net periodic benefit cost/(income)	$(1,495)	$(554)	$ (26)
Settlement expense	53	—	—
Net periodic benefit cost	$(1,442)	$(554)	$ (26)

The benefit obligations recognized in other comprehensive income for the years ended December 31, 2017, 2016, and 2015 are summarized as follows:

(in thousands)	2017	2016	2015
Pretax (income)/loss	$(15,650)	$218	$(11,035)
Amortization of net loss	(3,322)	(3,263)	(3,761)
Total recognized in other comprehensive income	(18,972)	(3,045)	(14,796)
Total recognized in net periodic benefit (income)/cost and other comprehensive income	$(20,414)	$(3,599)	$(14,822)

The Company expects to amortize a net loss of $3.1 million in 2018. At December 31, 2017 and 2016, the Plan's assets were comprised of listed common stocks and U.S. government and corporate securities, real estate and other. Included in the assets of the Plan were shares of Rollins, Inc. Common Stock with a market value of $32.0 million and $42.1 million at December 31, 2017 and 2016, respectively.

The Plans' weighted average asset allocation at December 31, 2017 and 2016 by asset category, along with the target allocation for 2018, are as follows:

	Target allocations for	Percentage of plan assets as of December 31,	
Asset category	2018	2017	2016
Cash and cash equivalents	0.0 %-5.0%	2.4 %	3.5 %
Equity securities - Rollins stock	0.0 %-40.0%	14.7 %	20.7 %
Domestic equity - all other	0.0 %-40.0%	21.8 %	21.7 %
International equity	0.0 %-30.0%	16.4 %	21.0 %
Debt securities - core fixed income	15.0%-50.0%	35.2 %	23.5 %
Real estate	0.0 %-20.0%	6.5 %	6.4 %
Alternative/Opportunistic/Special	0.0 %-20.0%	3.0 %	3.2 %
Total		100.0%	100.0%

For each of the asset categories in the pension plan, the investment strategy is identical – maximize the long-term rate of return on plan assets with an acceptable level of risk in order to minimize the cost of providing pension benefits. The investment policy establishes a target allocation for each asset class which is rebalanced as required. The plans utilize a number of investment approaches, including individual market securities, equity and fixed income funds in which the underlying securities are marketable, and debt funds to achieve this target allocation. The Company and management are not considering making contributions to the pension plans during fiscal 2018.

52

Explanation of Responses:

Some of our assets, primarily our private equity, real estate, and hedge funds, do not have readily determinable market values given the specific investment structures involved and the nature of the underlying investments. For the December 31, 2017 plan asset reporting, publicly traded asset pricing was used where possible. For assets without readily determinable values, estimates were derived from investment manager statements combined with discussions focusing on underlying fundamentals and significant events. Additionally, these investments are categorized as NAV investments and are valued using significant non-observable inputs which do not have a readily determinable fair value. In accordance with ASU No. 2011-12 "Investments In Certain Entities That Calculate Net Asset Value per Share (Or Its Equivalent)," these investments are valued based on the net asset value per share calculated by the funds in which the plan has invested. These valuations are subject to judgments and assumptions of the funds which may prove to be incorrect, resulting in risks of incorrect valuation of these investments. The Company seeks to mitigate against these risks by evaluating the appropriateness of the funds' judgments and assumptions by reviewing the financial data included in the funds' financial statements for reasonableness.

Fair Value Measurements

The Company's overall investment strategy is to achieve a mix of approximately 70 percent of investments for long-term growth and 30 percent for near-term benefit payments, with a wide diversification of asset types, fund strategies and fund managers. Equity securities primarily include investments in large-cap and small-cap companies domiciled domestically and internationally. Fixed-income securities include corporate bonds, mortgage-backed securities, sovereign bonds, and U.S. Treasuries. Other types of investments include real estate funds and private equity funds that follow several different investment strategies. For each of the asset categories in the pension plan, the investment strategy is identical – maximize the long-term rate of return on plan assets with an acceptable level of risk in order to minimize the cost of providing pension benefits. The investment policy establishes a target allocation for each asset class which is rebalanced as required. The plans utilize a number of investment approaches, including but not limited to individual market securities, equity and fixed income funds in which the underlying securities are marketable, and debt funds to achieve this target allocation.

The following table presents our plan assets using the fair value hierarchy as of December 31, 2017. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. See note 7 for a brief description of the three levels under the fair value hierarchy.

(in thousands)	Total	Level 1	Level 2	NAV
(1) Cash and cash equivalents	$5,432	$5,432		
(2) Fixed income securities	77,214		77,214	
Domestic equity securities				
Rollins, Inc. stock	32,049	32,049		
Other securities	48,511	16,243	32,268	
(3) International equity securities	36,156		36,156	
(4) Real estate	14,074			14,074
(5) Alternative/opportunistic/special	6,469			6,469
Total	$219,905	$53,724	$145,638	$20,543

The following table presents our plan assets using the fair value hierarchy as of December 31, 2016. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

(in thousands)	Total	Level 1	Level 2	NAV
(1) Cash and cash equivalents	$6,834	$6,834	$—	$—
(2) Fixed income securities	45,673	—	45,673	—
Domestic equity securities				
Rollins, Inc. stock	42,120	42,120	—	—
Other securities	40,178	11,614	28,564	—

(3) International equity securities	40,767	—	40,767	—
(4) Real estate	12,527	—	—	12,527
(5) Alternative/opportunistic/special	6,243	—	—	6,243
Total	$194,342	$60,568	$115,004	$18,770

53

(1) Cash and cash equivalents, which are used to pay benefits and plan administrative expenses, are held in Rule 2a-7 money market funds.
(2) Fixed income securities are primarily valued using a market approach with inputs that include broker quotes, benchmark yields, base spreads and reported trades.
(3) International equity securities are valued using a market approach based on the quoted market prices of identical instruments in their respective markets.
(4) Real estate fund values are primarily reported by the fund manager and are based on valuation of the underlying investments, which include inputs such as cost, discounted future cash flows, independent appraisals and market based comparable data.
(5) Alternative/Opportunistic/Special funds can invest across the capital structure in both liquid and illiquid securities that are valued using a market approach based on the quoted market prices of identical instruments, or if no market price is available, instruments will be held at their fair market value (which may be cost) as reasonably determined by the investment manager, independent dealers, or pricing services.

There were no purchases, sales or transfers of assets classified as Level 3 in 2017 or 2016.

The estimated future benefit payments over the next five years are as follows:

(in thousands)	
2018	$11,500
2019	11,798
2020	12,105
2021	12,342
2022	12,597
Thereafter	63,788
Total	$124,130

Defined Contribution 401(k) Savings Plan

The Company sponsors a defined contribution 401(k) Savings Plan that is available to a majority of the Company's full-time employees the first day of the calendar quarter following completion of three months of service. The Plan is available to non full-time employees the first day of the calendar quarter following one year of service upon completion of 1000 hours in that year. The Plan provides for a matching contribution of fifty cents ($0.50) for each one dollar ($1.00) of a participant's contributions to the Plan that do not exceed 6 percent of his or her eligible compensation (which includes commissions, overtime and bonuses). The charge to expense for the Company match was approximately $12.1 million for the year ended December 31, 2017 and $11.0 million and $10.2 million for the years ended December 31, 2016 and 2015, respectively. At December 31, 2017, 2016, and 2015 approximately, 38.8%, 36.4%, and 33.5%, respectively of the plan assets consisted of Rollins, Inc. Common Stock. Total administrative fees paid by the Company for the Plan were less than $0.1 million for each of the years ended December 31, 2017, 2016 and 2015.

Nonqualified Deferred Compensation Plan

The Deferred Compensation Plan provides that participants may defer up to 50% of their base salary and up to 85% of their annual bonus with respect to any given plan year, subject to a $2 thousand per plan year minimum. The Company may make discretionary contributions to participant accounts. The Company credited accounts of participants of long service to the Company with certain discretionary amounts ("Pension Plan Benefit Restoration Contributions") in lieu of benefits that previously accrued under the Company's Retirement Income Plan up to a maximum of $245 thousand.

Accounts will be credited with hypothetical earnings, and/or debited with hypothetical losses, based on the performance of certain “Measurement Funds.” Account values are calculated as if the funds from deferrals and Company credits had been converted into shares or other ownership units of selected Measurement Funds by purchasing (or selling, where relevant) such shares or units at the current purchase price of the relevant Measurement Fund at the time of the participant’s selection. Deferred Compensation Plan benefits are unsecured general obligations of the Company to the participants, and these obligations rank in parity with the Company’s other unsecured and unsubordinated indebtedness. The Company has established a “rabbi trust,” which it uses to voluntarily set aside amounts to indirectly fund any obligations under the Deferred Compensation Plan. To the extent that the

54

Company's obligations under the Deferred Compensation Plan exceed assets available under the trust, the Company would be required to seek additional funding sources to fund its liability under the Deferred Compensation Plan.

Generally, the Deferred Compensation Plan provides for distributions of any deferred amounts upon the earliest to occur of a participant's death, disability, retirement or other termination of employment (a "Termination Event"). However, for any deferrals of salary and bonus (but not Company contributions), participants would be entitled to designate a distribution date which is prior to a Termination Event. Generally, the Deferred Compensation Plan allows a participant to elect to receive distributions under the Deferred Compensation Plan in installments or lump-sum payments.

At December 31, 2017 the Deferred Compensation Plan had 70 life insurance policies with a net face value of $43.4 million. The cash surrender value of these life insurance policies were worth $18.3 million and $15.7 million at December 31, 2017 and 2016, respectively.

The estimated life insurance premium payments over the next five years are as follows:

(in thousands)	
2018	$590
2019	614
2020	638
2021	664
2022	690
Total	$3,196

Total expense related to deferred compensation was $241 thousand, $230 thousand and $231 thousand in 2017, 2016, and 2015, respectively. The Company had $18.4 million and $15.9 million in deferred compensation assets as of December 31, 2017 and 2016, respectively, included within other assets on the Company's consolidated statements of financial position and $18.4 million and $15.7 million in deferred compensation liability as of December 31, 2017 and 2016, respectively, located within long-term accrued liabilities on the Company's consolidated statements of financial position. The amounts of assets were marked to fair value.

15. STOCK-BASED COMPENSATION

Stock Compensation Plans

Time Lapse Restricted Shares and Restricted Stock Units

Time lapse restricted shares (TLRSs) have been issued to officers and other management employees under the Company's Employee Stock Incentive Plan. The Company recognizes compensation expense for the unvested portion of awards outstanding over the remainder of the service period. The compensation cost recorded for these awards is based on their closing stock price at the grant date less the cost of estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods to reflect actual forfeitures. Cash flows related to share-based payment awards to employees that result in tax benefits in excess of recognized cumulative compensation cost (excess tax benefits) are classified as a financing activity in the accompanying consolidated statements of cash flows.

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

The Company issued time lapse restricted shares of 0.5, 0.5, and 0.7 million for the years ended December 31, 2017, 2016, and 2015, respectively.

The Company issues new shares from its authorized but unissued share pool. At December 31, 2017, approximately 4.3 million shares of the Company’s common stock were reserved for issuance. In accordance with the FASB ASC Topic 718, “Compensation – Stock Compensation,” the Company recognizes the fair value of the award on a straight line basis over the service periods of each award. The Company estimates restricted share forfeiture rates based on its historical experience.

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

Years ended December 31,	2017	2016	2015
Time lapse restricted stock:			
Pre-tax compensation expense	$12,399	$12,415	$12,110
Tax benefit	(4,799)	(4,805)	(4,687)
Restricted stock expense, net of tax	$7,600	$7,610	$7,423

As of December 31, 2017 and 2016, $32.9 million and $29.9 million, respectively, of total unrecognized compensation cost related to time-lapse restricted shares are expected to be recognized over a weighted average period of approximately 3.9 years and 3.8 years at December 31, 2017 and December 31, 2016, respectively.

The following table summarizes information on unvested restricted stock units outstanding as of December 31, 2017, 2016 and 2015:

	Number of Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Unvested Restricted Stock Grants		
Unvested as of December 31, 2014	3,100	$ 14.45
Forfeited	(85)	15.71
Vested	(946)	12.04
Granted	682	22.43
Unvested as of December 31, 2015	2,751	17.21
Forfeited	(114)	19.54
Vested	(879)	14.49
Granted	503	26.45
Unvested as of December 31, 2016	2,261	20.21
Forfeited	(34)	22.38
Vested	(679)	17.21
Granted	469	34.46
Unvested as of December 31, 2017	2,017	$ 24.50

16. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

Accumulated other comprehensive income/ (loss) consist of the following (in thousands):

	Pension Liability Adjustment	Foreign Currency Translation	Total
Balance at December 31, 2015	$ (50,905)	$ (20,273)	$ (71,178)
Change during 2016:			
Before-tax amount	3,045	(602)	2,443
Tax benefit	(1,340)	—	(1,340)
	1,705	(602)	1,103
Balance at December 31, 2016	(49,200)	(20,875)	(70,075)
Change during 2017			
Before-tax amount	18,980	9,960	28,940
Tax benefit	(4,821)	—	(4,821)
	14,159	9,960	24,119
Balance at December 31, 2017	$ (35,041)	$ (10,915)	$ (45,956)

17. RELATED PARTY TRANSACTIONS

The Company provides certain administrative services to RPC, Inc. (“RPC”) (a company of which Mr. R. Randall Rollins is also Chairman and which is otherwise affiliated with the Company). The service agreements between RPC and the Company provide for the provision of services on a cost reimbursement basis and are terminable on 6 months' notice. The services covered by these agreements include administration of certain employee benefit programs, and other administrative services. Charges to RPC (or to corporations which are subsidiaries of RPC) for such services and rent totaled approximately $0.1 million for each of the years ended December 31, 2017, 2016, and 2015.

The Company rents office, hanger and storage space to LOR, Inc. (“LOR”) (a company controlled by R. Randall Rollins and Gary W. Rollins). Charges to LOR (or corporations which are subsidiaries of LOR) for rent totaled $1.0 million for each of the years ended December 31, 2017, 2016, and 2015, respectively.

In 2014, P.I.A. LLC, a company owned by the Chairman of the Board of Directors, Mr. R. Randall Rollins, purchased a Lear Model 35A jet and entered into a lease arrangement with the Company for Company use of the aircraft for business purposes. The lease is terminable by either party on 30 days’ notice. The Company pays $100 per month rent for the leased aircraft, and pays all variable costs and expenses associated with the leased aircraft, such as the costs for fuel, maintenance, storage and pilots. The Company has the priority right to use of the aircraft on business days, and Mr. Rollins has the right to use the aircraft for personal use through the terms of an Aircraft Time Sharing Agreement with the Company. During the years ended December 31, 2017 and 2016, the Company paid approximately $0.8 million and $0.5 million in rent and operating costs for the aircraft respectively. During 2017, the Company accounted for 100 percent of the use of the aircraft. All transactions were approved by the Company’s Nominating and Governance Committee of the Board of Directors.

57

18. UNAUDITED QUARTERLY DATA

(in thousands except per share data)	First	Second	Third	Fourth
2017				
Revenues	$375,247	$433,555	$450,442	$414,713
Gross profit (Revenues less cost of services provided)	$186,084	$229,075	$231,661	$207,194
Net income	$40,270	$53,689	$51,430	$33,735
Income per share:				
Income per share—Basic	$0.18	$0.25	$0.24	$0.15
Income per share—Diluted	$0.18	$0.25	$0.24	$0.15
2016				
Revenues	$352,736	$411,133	$423,994	$385,614
Gross profit (Revenues less cost of services provided)	$174,934	$215,190	$218,386	$192,619
Net income	$31,928	$47,783	$49,651	$38,007
Income per share:				
Income per share—Basic	$0.15	$0.22	$0.23	$0.17
Income per share—Diluted	$0.15	$0.22	$0.23	$0.17

19. CASH DIVIDEND

On January 23, 2018 the Board of Directors approved a 21.7% increase in the Company's quarterly cash dividend per common share to $0.14 payable March 9, 2018 to stockholders of record at the close of business February 9, 2018. On October 24, 2017, the Board of Directors declared its regular $0.115 per share as well as a special year-end dividend of $0.10 per share both payable December 11, 2017 to stockholders of record at the close of business November 10, 2017. The Company expects to continue to pay cash dividends to the common stockholders, subject to the earnings and financial condition of the Company and other relevant factors.

20. THREE-FOR-TWO STOCK SPLIT

On January 27, 2015, the Board of Directors at its quarterly meeting authorized a three-for-two stock split of the Company’s common shares by the issuance on March 10, 2015 of one additional common share for each two common shares held of record at February 10, 2015. The stock split increased the Company’s outstanding shares from 145,783,052 to 218,674,578 shares.

Below are the effects of the stock split on the Company’s Stockholders’ equity:

(in thousands)	December 31, 2014 (pre-split)	Adjustment	December 31, 2014 (post-split)
STOCKHOLDERS’ EQUITY			
Preferred stock, without par value; 500,000 authorized, zero shares issued			
Common stock, par value $1 per share; 250,000,000 shares authorized, 218,482,907 shares issued(1)	145,722	72,761	218,483
Treasury Stock, par value $1 per share; 200,000 shares	(200)		(200)
Paid-in-capital	62,839		62,839
Accumulated other comprehensive loss	(65,488)		(65,488)
Retained earnings	319,803	(72,761)	247,042
Total stockholders’ equity	$462,676		$ 462,676

(1) Shares issued increased as follows: 2014 - 72,760,969; 2013 - 72,932,222

58

Below are the effects of the stock split on the Company's earnings per share:

(in thousands, except per share amounts)	December 31, 2014 (pre-split)	Adjustment	December 31, 2014 (post-split)
Net income	$ 137,664	$ —	$ 137,664
Basic earnings per share	$ 0.94	$ (0.31)	$ 0.63
Diluted earnings per share	$ 0.94	$ (0.31)	$ 0.63
Shares used for computation:			
Basic	145,796	72,899	218,695
Diluted	145,796	72,899	218,695

59

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures—We have established disclosure controls and procedures to ensure, among other things, that material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company’s financial reports and to other members of senior management and the Board of Directors.

Based on management’s evaluation as of December 31, 2017, in which the principal executive officer and principal financial officer of the Company participated, the principal executive officer and principal financial officer have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective, at the reasonable assurance level to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Management’s Report on Internal Control Over Financial Reporting—Management’s Report on Internal Control Over Financial Reporting is contained on page 25.

Changes in Internal Controls—There were no changes in our internal control over financial reporting during the fourth quarter of 2017 that materially affected or are reasonably likely to materially affect these controls.

Item 9B. Other Information

None

PART III
Item 10. Directors, Executive Officers and Corporate Governance.

Information concerning directors and executive officers is included in the Company's Proxy Statement for its 2018 Annual Meeting of Stockholders (the "Proxy Statement"), in the section titled "Election of Directors". This information is incorporated herein by reference. Information about executive officers is contained on page 11 of this document.

Audit Committee and Audit Committee Financial Expert
Information concerning the Audit Committee of the Company and the Audit Committee Financial Expert(s) is included in the Company's Proxy Statement for its 2018 Annual Meeting of Stockholders, in the section titled "Corporate Governance and Board of Directors' Committees and Meetings – Audit Committee." This information is incorporated herein by reference.
Code of Ethics
The Company has adopted a Code of Business Conduct that applies to all employees. In addition, the Company has adopted a Code of Business Conduct and Ethics for Directors and Executive Officer and Related Party Transaction Policy. Both of these documents are available on the Company's website at www.rollins.com and a copy is available by writing to Investor Relations at 2170 Piedmont Road, Atlanta, Georgia 30324. The Company intends to satisfy the disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of its code of ethics that relates to any elements of the code of ethics definition enumerated in SEC rules by posting such information on its internet website, the address of which is provided above.

Section 16(a) Beneficial Ownership Reporting Compliance
Information regarding compliance with Section 16(a) of the Exchange Act is included under "Compliance with Section 16(a) of the Securities Exchange Act" in the Company's Proxy Statement for its 2018 Annual Meeting of Stockholders, which is incorporated herein by reference.
Item 11. Executive Compensation.

The information under the captions "Compensation Committee Interlocks and Insider Participation," "Director Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report," and "Executive Compensation" included in the Proxy Statement for the Annual Meeting of Stockholders to be held April 24, 2018 is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.
The information under the captions “Capital Stock” and “Election of Directors” included in the Proxy Statement for the Annual Meeting of Stockholders to be held April 24, 2018 is incorporated herein by reference.

EQUITY COMPENSATION PLAN INFORMATION
The following table sets forth certain information regarding equity compensation plans as of December 31, 2017.

Plan Category	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)	
Equity compensation plans approved by security holders	2,017,119	$ —	4,273,709	
Equity compensation plans not approved by security holders	—	$ —	—	
Total	2,017,119	$ —	4,273,709	(1)

(1) Includes 4,273,709 shares available for grant under the 2008 Employee Stock Incentive Plan. The 2008 Employee Stock Incentive Plan provides for awards of the Company’s common stock and awards that are valued in whole or in part by reference to the Company’s common stock apart from stock options and SARs including, without limitation, restricted stock, performance-accelerated restricted stock, performance stock, performance units, and stock awards or options valued by reference to book value or subsidiary performance.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence.

The information under the caption “Certain Relationships and Related Party Transactions” included in the Proxy Statement is incorporated herein by reference. Information concerning director independence is included in the Proxy Statement, in the section titled “Corporate Governance and Board of Directors’ Committees and Meetings.” This information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information regarding principal accounting fees and services is set forth under “Independent Public Accountants” in the Company’s Proxy Statement for its 2018 Annual Meeting of Stockholders, which information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Consolidated Financial Statements, Financial Statement Schedule and Exhibits.

1. Consolidated financial statements listed in the accompanying Index to Consolidated Financial Statements and Schedule are filed as part of this report.
2. The financial statement schedule listed in the accompanying Index to Consolidated Financial Statements and Schedule is filed as part of this report.
3. Exhibits listed in the accompanying Index to Exhibits are filed as part of this report. The following such exhibits are management contracts or compensatory plans or arrangements:

(10) (a)	Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.1 filed with the registrant's Form S-8 filed November 18, 2005.
(10) (b)	Form of Plan Agreement pursuant to the Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.2 filed with the registrant's Form S-8 filed November 18, 2005.
(10) (c)	Written description of Rollins, Inc. Performance-Based Incentive Cash Compensation Plan incorporated herein by reference to Exhibit 10(a) as filed with its Form 8-K dated April 23, 2013.
(10) (d)	Forms of award agreements under the 2013 Cash Incentive Plan incorporated herein by reference to Exhibit 10(a) as filed with its Form 10-K dated February 27, 2017.
(10) (e)	2008 Stock Incentive Plan incorporated herein by reference to Exhibit A of the March 17, 2008 Proxy Statement for the Annual Meeting of the Stockholders held on April 22, 2008.
(10) (f)	Form of Restricted Stock Grant Agreement incorporated herein by reference to Exhibit 10(d) as filed with its Form 8-K dated April 22, 2008.
(10) (g)	Form of Time-Lapse Restricted Stock Agreement incorporated herein by reference to Exhibit 10.1 as filed with its Form 10-Q for the quarter ended March 31, 2012.
(10) (h)	Summary of Compensation Arrangements with Executive Officers, incorporated herein reference to Exhibit (10)(q) as filed with its Form 10-K for the year ended December 31, 2010.
(10) (i)	Summary of Compensation Arrangements with Non-Employee Directors, incorporated herein by reference to Exhibit 10(i) filed with the Registrant's 10-K filed February 25, 2015.

(b) Exhibits (inclusive of item 3 above):

(3) (i)	(A) Restated Certificate of Incorporation of Rollins, Inc. dated July 28, 1981, incorporated herein by reference to Exhibit (3)(i)(A) as filed with the registrant's Form 10-Q filed August 1, 2005. (B) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated August 20, 1987, incorporated herein by reference to Exhibit 3(i)(B) filed with the registrant's 10-K filed March 11, 2005. (C) Certificate of Change of Location of Registered Office and of Registered Agent dated March 22, 1994, incorporated herein by reference to Exhibit (3)(i)(C) filed with the registrant's Form 10-Q filed August 1, 2005. (D) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 25, 2006, incorporated herein by reference to Exhibit 3(i)(D) filed with the registrant's 10-Q filed October 31, 2006 (E) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April, 26, 2011, incorporated herein by reference to Exhibit 3(i)(E) filed with the Registrant's 10-K filed February 25, 2015. (F) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 28, 2015, incorporated herein by reference to Exhibit 3(i)(F) filed with the Registrant's 10-Q filed on July 29, 2015.
(ii)	Revised By-laws of Rollins, Inc. dated April 25, 2017, incorporated herein by reference to Exhibit (3) (i) as filed with its Form 10-Q filed April 28, 2017.
(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.

(10)(a)	Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.1 filed with the registrant's Form S-8 filed November 18, 2005.
(10)(b)	Form of Plan Agreement pursuant to the Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.2 filed with the registrant's Form S-8 filed November 18, 2005.
(10)(c)	Written description of Rollins, Inc. Performance-Based Incentive Cash Compensation Plan incorporated herein by reference to Exhibit 10(a) as filed with its Form 8-K dated April 23, 2013.
(10)(d)	Forms of award agreements under the 2013 Cash Incentive Plan incorporated herein by reference to Exhibit 10(a) as filed with its Form 10-K dated February 27, 2017.
(10)(e)	2008 Stock Incentive Plan incorporated herein by reference to Exhibit A of the March 17, 2008 Proxy Statement for the Annual Meeting of the Stockholders held on April 22, 2008.
(10)(f)	Form of Restricted Stock Grant Agreement incorporated herein by reference to Exhibit 10(d) as filed with its Form 8-K dated April 22, 2008.
(10)(g)	Form of Time-Lapse Restricted Stock Agreement incorporated herein by reference to Exhibit 10.1 as filed with its Form 10-Q for the quarter ended March 31, 2012.
(10)(h)	Summary of Compensation Arrangements with Executive Officers, incorporated herein reference to Exhibit (10)(q) as filed with its Form 10-K for the year ended December 31, 2010.
(10)(i)	Summary of Compensation Arrangements with Non-Employee Directors, incorporated herein by reference to Exhibit 10(i) filed with the Registrant's 10-K filed February 25, 2015.
(10)(j)	Revolving Credit Agreement dated as of October 31, 2012 between Rollins, Inc., SunTrust Bank and Bank of America, N.A., incorporated herein by reference to Exhibit 99.1 as filed with its Form 8-K dated November 2, 2012.
(10)(k)	First Amendment to Revolving Credit Agreement dated as of October 30, 2014 by and among Rollins, Inc., the lenders party thereto and SunTrust Bank and Bank of America, N.A., incorporated herein by reference to Exhibit 10(k) filed with the Registrant's 10-K filed February 25, 2015.
(21)	Subsidiaries of Registrant.
(23.1)	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm.
(24)	Powers of Attorney for Directors.
(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)	EX-101 Instance Document
(101.SCH)	EX-101 Schema Document
(101.CAL)	EX-101 Calculation Linkbase Document
(101.LAB)	EX-101 Labels Linkbase Document
(101.PRE)	EX-101 Presentation Linkbase Document
(101.DEF)	Ex-101 Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

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

Date: February 26, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

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

Date: February 26, 2018

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

Date: February 26, 2018

The Directors of Rollins, Inc. (listed below) executed a power of attorney appointing Gary W. Rollins their attorney-in-fact, empowering him to sign this report on their behalf.

R. Randall Rollins, Director
Henry B. Tippie, Director
James B. Williams, Director
Bill J. Dismuke, Director
Thomas J. Lawley, MD, Director
Larry L. Prince, Director
John F. Wilson, Director
Pam R. Rollins, Director

/s/ Gary W. Rollins
Gary W. Rollins
As Attorney-in-Fact & Director
February 26, 2018

ROLLINS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

The following documents are filed as part of this report.

Financial statements and reports	Page Number From This Form 10-K
Management's Report on Internal Control Over Financial Reporting	23
Report of Independent Registered Public Accounting Firm On Internal Control Over Financial Reporting	24
Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements and Schedule	25
Consolidated Financial Statements	
Consolidated Statements of Financial Position as of December 31, 2017 and 2016	26
Consolidated Statements of Income for each of the three years in the period ended December 31, 2017	27
Consolidated Statements of Comprehensive Earnings for each of the three years in the period ended December 31, 2017	28
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2017	29
Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2017	30
Notes to Consolidated Financial Statements	31-62
Financial Statement Schedules	
Schedule II – Valuation and Qualifying Accounts	66

Schedules not listed above have been omitted as not applicable, immaterial or disclosed in the Consolidated Financial Statements or notes thereto.

65

SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

ROLLINS, INC. AND SUBSIDIARIES

	For the years ended December 31, 2017, 2016 and 2015			
(in thousands)	Balance at Beginning of Period	Charged to Costs and Expenses	Net (Deductions) Recoveries	Balance at End of Period
Year ended December 31, 2017 Allowance for doubtful accounts	$14,600	$ 10,455	$ (10,349)	$14,706
Year ended December 31, 2016 Allowance for doubtful accounts	$13,636	$ 11,257	$ (10,293)	$14,600
Year ended December 31, 2015 Allowance for doubtful accounts	$14,094	$ 10,113	$ (10,571)	$13,636

66

ROLLINS, INC. AND SUBSIDIARIES
INDEX TO EXHIBITS

Exhibit Number	Exhibit Description
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(ii)	Revised By-laws of Rollins, Inc. dated April 25, 2017, incorporated herein by reference to Exhibit (3) (i) as filed with its Form 10-Q filed April 28, 2017.
(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.
(10.1)+	Membership Interest Purchase Agreement by and among Rollins, Inc.,Northwest Exterminating Co., Inc. NW Holdings, LLC and the stockholders of Northwest Exterminating Co., Inc. dated as of July 24, 2017
(10) (a)	Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.1 filed with the registrant's Form S-8 filed November 18, 2005.
(10) (b)	Form of Plan Agreement pursuant to the Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.2 filed with the registrant's Form S-8 filed November 18, 2005.
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67

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(101.PRE)	EX-101 Presentation Linkbase Document
(101.DEF)	Ex-101 Definition Linkbase Document

\+ Confidential treatment has been requested for certain portions of this exhibit (indicated by asterisks). Such information has been omitted and was filed separately with the securities and Exchange Commission.

68