

ROLLINS INC
Form DEF 14A
March 21, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

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

Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

ROLLINS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

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

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

ROLLINS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE: Tuesday, April 25, 2017

TIME: 12:30 P.M EST.

PLACE: 2170 Piedmont Road, N.E., Atlanta, Georgia 30324

TO THE HOLDERS OF THE COMMON STOCK:

PLEASE TAKE NOTICE that the 2017 Annual Meeting of Stockholders of ROLLINS, INC., a Delaware corporation (the "Company"), will be held at the Company's corporate office located at 2170 Piedmont Road, N.E., Atlanta, Georgia, on Tuesday, April 25, 2017, at 12:30 P.M for the following purposes, as more fully described in the proxy statement accompanying this notice:

1. To elect three Class I nominees identified in the attached Proxy Statement to the Board of Directors;
2. To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
3. To hold a nonbinding vote to approve executive compensation as disclosed in these materials;
4. To vote on the frequency of nonbinding stockholder votes to approve executive compensation;
5. To consider and act upon such other business as may properly come before the Annual Meeting or any adjournment of the meeting.

The Proxy Statement dated March 21, 2017 is attached.

The Board of Directors has fixed the close of business on February 28, 2017, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

This Proxy Statement and accompanying proxy card are being mailed to our stockholders along with the Company's 2016 Annual Report for the fiscal year ended December 31, 2016. Voting can be completed by returning the proxy card, through the telephone at 1-800-690-6903 or online at www.proxyvote.com.

Voting can be completed in one of four ways:

- | | |
|---|--|
| returning the proxy card by mail | online at www.proxyvote.com |
| through the telephone at 1-800-690-6903 | or attending the meeting to vote IN PERSON |

Important notice regarding the availability of proxy materials for the Annual Meeting of the Stockholders to be held on April 25, 2017: The proxy statement and annual report to security holders are available at <https://materials.proxyvote.com/775711>.

BY ORDER OF THE BOARD OF DIRECTORS

Thomas E. Luczynski
Secretary

Atlanta, Georgia
March 21, 2017

Whether or not you expect to attend the annual meeting, please sign, date and return the enclosed proxy card promptly. Alternatively, you may give a proxy by telephone or over the Internet by following the instructions on your proxy card. If you decide to attend the meeting, you may, if you wish, revoke the proxy and vote your shares in person.

Proxy Statement

Proxy Statement

This Proxy Statement and a form of proxy were first mailed to stockholders on or about March 21, 2017. The following information concerning the proxy and the matters to be acted upon at the Annual Meeting of Stockholders to be held on April 25, 2017, is submitted by the Company to the stockholders in connection with the solicitation of proxies on behalf of the Company's Board of Directors.

Solicitation of and Power to Revoke Proxy

A form of proxy is enclosed. Each proxy submitted will be voted as directed, but if not otherwise specified, proxies solicited by the Board of Directors of the Company will be voted in favor of the candidates for the election to the Board of Directors, in favor of ratification of the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2017, in favor of the advisory proposal to approve executive compensation and for the frequency of such votes to be every three years.

A stockholder executing and delivering a proxy has power to revoke the same and the authority thereby given at any time prior to the exercise of such authority, if he so elects, by contacting either proxy holder, by timely submitting a later dated proxy changing your vote, or by attending the meeting and voting in person. However, a beneficial stockholder who holds his shares in street name must secure a proxy from his broker before he can attend the meeting and vote. All costs of solicitation have been, and will be, borne by the Company.

Householding and Delivery of Proxy Materials

The Company has adopted the process called "householding" for any proxy materials in order to reduce printing costs and postage fees. Householding means that stockholders who share the same last name and address will receive only one copy of the proxy material, unless we receive contrary instructions from any stockholder at that address. The Company will continue to mail a proxy card to each stockholder of record.

If you prefer to receive multiple copies of the proxy material at the same address, additional copies will be provided to you promptly upon written or oral request. If you are a stockholder of record, you may contact us by writing to the Company at 2170 Piedmont Rd., NE, Atlanta, GA 30324 or by calling 404-888-2000. Eligible stockholders of record receiving multiple copies of the proxy material can request householding by contacting the Company in the same manner.

Capital Stock

Capital Stock

The outstanding capital stock of the Company on February 28, 2017 consisted of 218,027,193 shares of Common Stock, par value \$1.00 per share. Holders of Common Stock are entitled to one vote (non-cumulative) for each share of such stock registered in their respective names at the close of business on February 28, 2017, the record date for determining stockholders entitled to notice of and to vote at the meeting or any adjournment thereof.

A majority of the outstanding shares will constitute a quorum at the Annual Meeting. Abstentions will be counted for purposes of determining the presence or absence of a quorum for the transaction of business. In accordance with the General Corporation Law of the state of Delaware, the election of the nominees named herein as Directors will require the affirmative vote of a plurality of the votes cast by the shares of Company Common Stock entitled to vote in the election provided that a quorum is present at the Annual Meeting. In the case of a plurality vote requirement (as in the election of directors), where no particular percentage vote is required, the outcome is solely a matter of comparing the number of votes cast for each nominee, with those nominees receiving the most votes being elected, and hence only votes for director nominees (and not abstentions or broker non-votes) are relevant to the outcome. In this case, the nominees receiving the most votes will be elected. The affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote at the meeting is required to approve the ratification of the appointment of the Company's independent registered public accounting firm for fiscal year 2017 and to approve the nonbinding shareholder resolution on executive compensation. Abstentions will have the effect of a vote against the advisory proposal on executive compensation and the proposal for the ratification of the appointment of the Company's independent registered public accounting firm, while broker non-votes will have no effect on either proposal and will be disregarded. The affirmative vote of a plurality of the votes cast by the shares of Company Common Stock entitled to vote at the meeting is required on the proposal on whether an advisory vote on executive compensation should be held every one, two or three years, meaning that the option that receives the highest number of favorable votes will be considered to represent the non-binding preference of stockholders for the frequency of future advisory votes on executive compensation. There are no rights of appraisal or similar dissenter's rights with respect to any matter to be acted upon pursuant to this Proxy Statement. It is expected that shares held of record by officers and directors of the Company, which in the aggregate represent approximately 56 percent of the outstanding shares of Common Stock, will be voted for the nominees, for the ratification of the appointment of the Company's independent registered public accounting firm, for the approval, on an advisory basis, of the compensation of the Company's named executive officers, and for a frequency of every three years for future advisory votes on executive compensation.

Stock Ownership of Certain Beneficial Owners and Management

Stock Ownership of Certain Beneficial Owners and Management

The names of the executives recognized in the Summary Compensation Table and the name and address of each stockholder (or “group” as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) who owned beneficially over five percent (5%) of the shares of Common Stock of the Company on February 28, 2017, together with the number of shares owned by each such person and the percentage of outstanding shares that ownership represents, and information as to Common Stock ownership of the executive officers and directors of the Company as a group (according to information received by the Company) are set out below:

Name and Address of Beneficial Owner	Amount Beneficially Owned ⁽¹⁾	Percent of Outstanding Shares
R. Randall Rollins	115,858,256 ⁽²⁾	53.1
Chairman of the Board 2170 Piedmont Road, N.E. Atlanta, Georgia Gary W. Rollins	117,640,459 ⁽³⁾	54.0
Vice Chairman and Chief Executive Officer 2170 Piedmont Road, N.E. Atlanta, Georgia Paul E. Northen	1,177,073 ⁽⁴⁾	0.5
Vice President, Chief Financial Officer and Treasurer 2170 Piedmont Road, N.E. Atlanta, Georgia John F. Wilson	371,471 ⁽⁵⁾	0.2
President and Chief Operating Officer 2170 Piedmont Road, N.E. Atlanta, Georgia Thomas E. Luczynski	156,836 ⁽⁶⁾	0.1
Corporate Secretary 2170 Piedmont Road, N.E. Atlanta, Georgia Eugene A. Iarocci	—	—
Vice President 2170 Piedmont Road, N.E. Atlanta, Georgia All Directors and Executive Officers as a group (13 persons)	122,810,262 ⁽⁷⁾	56.3

(1) Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.

Includes 7,252,521* shares of Company Common Stock held in two charitable trusts of which he is a co-trustee and as to which he shares voting and investment power. Also includes 477,661* shares of Company Common Stock held by his wife. Also includes 107,483,337* shares of Company Common Stock owned by RFPS Management Company I, L.P., a Georgia limited partnership. The general partner of RFPS Management Company I, L.P., is RFA Management Company, LLC, a Georgia limited liability company, the manager of which is LOR, Inc., a Georgia corporation. Mr. R. Randall Rollins is an officer and director of LOR, Inc. Mr. R. Randall Rollins and Mr. Gary W. Rollins have voting control of LOR, Inc. Also includes 234,300 shares of restricted stock awards for Company Common Stock, 12,888 shares of Company Common Stock in an individual retirement account and 5,405 shares of Company Stock in the Rollins 401(k) Savings Plan. Mr. R. Randall Rollins is part of a control group holding company securities that includes Mr. Gary W. Rollins, as disclosed on a Schedule 13D on file with the U.S. Securities and Exchange Commission.

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Stock Ownership of Certain Beneficial Owners and Management

Includes 7,252,521* shares of the Company Common Stock held in two charitable trusts of which he is a co-trustee and as to which he shares voting and investment power. Also includes 7,074* shares of Company Common Stock held by his wife. Also includes 107,483,337* shares of Company Common Stock owned by RFPS Management Company I, L.P., a Georgia limited partnership. The general partner of RFPS Management Company I, L.P., is RFA Management Company, LLC, a Georgia limited liability company, the manager of which is LOR, Inc., a Georgia corporation. Mr. Gary W. Rollins is an officer and director of LOR, Inc. Mr. R. Randall Rollins and Mr. Gary W. Rollins have voting control of LOR, Inc. Also includes 259,200 shares of restricted stock awards for Company Common Stock, 41,247 shares of Company Common Stock in the Company's employee stock purchase plan, and 6,740 shares of Company Common Stock held in the Rollins 401(k) Savings Plan. Mr. Gary W. Rollins is part of a control group holding company securities that includes Mr. R. Randall Rollins, as disclosed on a Schedule 13D on file with the U.S. Securities and Exchange Commission.

(4) Includes 1,135,303 shares of Company Common Stock held by the Rollins Pension Plan as to which Mr. Northen has voting power. Also includes 39,500 shares of restricted stock awards for Company Common Stock.

(5) Includes 120,000 shares of restricted stock awards for Company Common Stock and 10,998 shares of Company Common Stock in the Company's employee stock purchase plan.

(6) Includes 21,620 shares of restricted stock awards for Company Common Stock, 22,909 shares held of Company Stock in the Rollins 401(k) Savings Plan and 4,484 shares of Company Common Stock in the Company's employee stock purchase plan.

(7) Shares held in trusts as to which more than one officer and/or director are co-trustees or entities in which there is common stock ownership have been included only once.

*Mr. R. Randall Rollins and Mr. Gary W. Rollins disclaim any beneficial interest in these holdings.

Stock Ownership Requirements

The Company has adopted stock ownership guidelines for the named executive officers identified in the previous table and for key executives designated by the Compensation Committee. The current guidelines as determined by the Compensation Committee include:

1. Chairman of the Board of Directors and CEO – Ownership equal to 5 times base salary
2. Rollins, Inc. President – Ownership equal to 4 times base salary
3. Other Rollins Officers and Orkin, LLC President – Ownership equal to 3 times base salary
4. Division and Brand Presidents – Ownership equal to 2 times base salary
5. Other covered executives – Ownership equal to 1 times base salary

The covered executives have a period of four years in which to satisfy the guidelines, from the date of appointment to a qualifying position. Shares counted toward this requirement will be based on shares beneficially owned by such executive (as beneficial ownership is defined by the SEC's rules and regulations) including shares owned outright by the executive, shares held in the Rollins 401(k) Savings Plan, shares held in the Rollins employee stock purchase and dividend reinvestment plan, shares obtained through stock option exercise and held, restricted stock awards whether or not vested and shares held in trust in the employee's name. Once achieved, ownership of the guideline amount must be maintained for as long as the individual is subject to the Executive Stock Ownership Guidelines and the executive is required to retain a minimum of 25% of any future equity awards.

Proposal 1

Proposal 1:**Election of Directors**

At the Annual Meeting, Messrs. R. Randall Rollins, Henry B. Tippie and James B. Williams will be nominated to serve as Class I Directors. The nominees for election at the 2017 Annual Meeting are now directors of the Company. The directors in Class I will serve for a term of three years. The director nominees will serve in their respective class until their successors are elected and qualified. Six other individuals serve as directors but are not standing for re-election because their terms as directors extend past this Annual Meeting pursuant to provisions of the Company's by-laws, which provide for the election of directors for staggered terms, with each director serving a three-year term. Unless authority is withheld, the proxy holders will vote for the election of each nominee named below as a director. Although management does not contemplate the possibility, in the event any nominee is not a candidate or is unable to serve as director at the time of the election, unless authority is withheld, the proxies will be voted for any nominee who shall be designated by the present Board of Directors and recommended by the Nominating and Governance Committee to fill such vacancy.

Director Qualifications

As described in more detail below, we believe that each of our directors is well suited to serve on our Board for a variety of individual reasons and because collectively they bring a wealth of experience from diverse backgrounds that have combined to provide us with an excellent mix of experiences and viewpoints. The information below has the name and age of each of our directors and each of the nominees with his or her principal occupation, together with the number of shares of Common Stock beneficially owned, directly or indirectly, by each and the percentage of outstanding shares that ownership represents, all as of the close of business on February 28, 2017 (according to information received by the Company), other board memberships and the period during which he/she has served us as a director.

Name	Principal Occupation ⁽¹⁾	Service as Director	Age	Shares of Common Stock ⁽²⁾	Percent of Outstanding Shares
Names of Director Nominees					
Class I (Term Expires 2017, New Term Expires 2020)					
R. Randall Rollins⁽³⁾	Chairman of Rollins, Inc.; Chairman of the Board of the Company; Chairman of the Board of RPC, Inc. (oil and gas field services); and Chairman of the Board of Marine Products Corporation (boat manufacturing)	1968 to date	85	115,858,256 ⁽⁵⁾	53.1
Henry B. Tippie	Presiding Director of the Company; Chairman of the Board and Chief Executive Officer of Tippie Services, Inc. (management services); Chairman of the Board of Dover Downs Gaming & Entertainment, Inc. (operator of multi-purpose gaming and entertainment complex); and	1960 to 1970; 1974 to date	90	2,253,034 ⁽⁶⁾	1.0

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James B. Williams	Chairman of the Board of Dover Motorsports, Inc. (operator of motorsports tracks); Presiding Director of RPC, Inc. (oil and gas field services) and Marine Products Corporation (boat manufacturing) Retired Chairman of the Executive Committee, SunTrust Banks, Inc. (bank holding company)	1978 to date	83	151,874	*
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Continued on page 7

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Proposal 1

Continued from page 6

Names of Directors Whose Terms Have Not Expired

Class II (Term Expires 2018)

Gary W. Rollins⁽³⁾	Vice Chairman and Chief Executive Officer of the Company	1981 to date	72	117,640,459 ⁽⁷⁾	54.0
Larry L. Prince	Retired Chairman of the Board of Directors of Genuine Parts Company (automotive parts distributor).	2009 to date	78	22,500	*