UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission file No. 1-4422

ROLLINS, INC.
(Exact name of registrant as specified in its charter)

Delaware	51-0068479
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2170 Piedmont Road, N.E., Atlanta, Georgia	30324
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each Exchange on which registered
Common Stock, $1 Par Value	The New York Stock Exchange The Pacific Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None.

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes /X/ No / /

The aggregate market value of Rollins, Inc. Common Stock held by non-affiliates on February 24, 2003, was $392,315,753 based on the closing price on the New York Stock Exchange on such date of $20.67 per share.

Rollins, Inc. had 44,859,646 shares of Common Stock outstanding as of February 24, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Rollins, Inc.'s Annual Report to Stockholders for the calendar year ended December 31, 2002 are incorporated by reference into Part II, Item 6.

Portions of the Proxy Statement for the 2003 Annual Meeting of Stockholders of Rollins, Inc. are incorporated by reference into Part III, Items 10-14.

PART I

Item 1. Business.

General

Rollins, Inc. ("the Company") is a national service company with headquarters located in Atlanta, Georgia, providing pest and termite control services to both residential and commercial customers in North America. Services are performed through a contract that specifies the pricing arrangement with the

customer.

Orkin Exterminating Company, Inc. ("Orkin"), a wholly owned subsidiary of the Company founded in 1901, is one of the world's largest pest and termite control companies. It provides customized services from over 400 locations to approximately 1.6 million customers. Orkin serves customers in the United States, Canada and Mexico, providing essential pest control services and protection against termite damage, rodents and insects to homes and businesses, including hotels, food service establishments, dairy farms and transportation companies. Orkin operates under the Orkin(R) and PCO Services, Inc.(R) trademarks and the AcuridSM service mark. The Orkin(R) brand name makes Orkin the most recognized pest and termite company in the country. The PCO Services brand name provides similar brand recognition in Canada. The Company is the largest pest control provider in Canada.

The Company has only one reportable segment, its pest and termite control business. Revenue, operating profit and identifiable assets for this segment, which includes the United States, Canada and Mexico, are included in Item 8 of this document under financial statements and supplementary data on pages 17 and 18. The Company's results of operations and its financial condition are not reliant upon any single customer or a few customers or the Company's foreign operations.

A bimonthly pest control service initiative was implemented in 1999 to better service our residential customers, and has grown to represent just under 50% of our residential customer base at the end of 2002. This program provides greater convenience to our customers and enables the Company to achieve technician productivity improvements and other service efficiencies, including lower fleet costs. In addition, AcuridSM commercial pest elimination service was introduced company-wide in 2001. This premium service includes insect control, fly control, rodent control and odor control for commercial customers and is now available through any Orkin branch.

The dollar amount of service contracts and backlog orders as of the end of the Company's 2002 and 2001 calendar years was approximately $28.4 million and $16.2 million, respectively. Backlog services and orders are usually provided within the month following the month of receipt, except in the area of prepaid pest control and bait monitoring services, which are usually provided within twelve months of receipt. The Company does not have a material portion of its business that may be subject to renegotiation of profits or termination of contracts at the election of a governmental entity.

The Rollins Customer Care Center achieved its ISO 9002 quality certification in 2001. It is joined by forty-seven dedicated commercial branches that have also completed the ISO 9002 quality certification process.

The Company continues to expand its growth through the Orkin franchise program. This program is primarily used in smaller markets where it is currently not economically feasible to locate a conventional Orkin branch. There is a built-in exit strategy at the end of the franchise term that motivates the franchisee to sell the business to Orkin. There were 36 Company franchises at the end of 2002 compared to 30 at the end of 2001.

Seasonality

The business of the Company is affected by the seasonal nature of the Company's pest and termite control services. The increase in pest pressure and activity as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the timing of the change in seasons) has historically resulted in an increase in the revenue and income of the Company's pest and termite control operations during such periods as evidenced by the following chart.

	Total Net Revenues		
	2002	2001	2000
First Quarter	$153,302	$150,280	$148,926
Second Quarter	184,189	180,731	179,736
Third Quarter	174,063	169,223	171,690
Fourth Quarter	153,871	149,691	146,526

Inventories

The Company has relationships with multiple vendors for pest and termite control treatment products and maintains a sufficient level of chemicals, materials and other supplies to fulfill its immediate servicing needs and to alleviate any potential short-term shortage in availability from its national network of suppliers.

Competition

The Company believes that Orkin competes favorably with competitors as one

of the world's largest pest and termite control companies. The Company competes with a number of pest and termite control companies including Terminix and Ecolab.

The principal methods of competition in the Company's pest and termite control business are quality of service and guarantees, including the money-back guarantee on pest and termite control, and the termite retreatment and damage repair guarantee to qualified homeowners.

Research and Development

Expenditures by the Company on research activities relating to the development of new products or services are not significant. Some of the new and improved service methods and products are researched, developed and produced by unaffiliated universities and companies. Also, a portion of these methods and products are produced to the specifications provided by the Company. Some of the more recent studies that have been conducted on behalf of the Company include one on fly pathogens by the University of Florida and an integrated pest management study currently being performed by the Virginia Polytechnic Institute. Additional research at the University of Florida involves the impact of soil type and soil compaction on termites tunneling behavior. Also, Texas A&M has performed studies on both termites and fire ants, using biological control agents for population reduction and predicting the time termites swarm each year.

Governmental Regulation

State and local governmental licenses and permits are required in order for the Company to conduct its pest and termite control services in certain localities. In view of the widespread operations of the Company's service operations, the failure of any local governments to license a facility would not have a material adverse effect on the results of operations or financial position of the Company.

Other than the impact on the Company of governmental regulation of the use of pesticides, the Company is not materially affected by compliance with federal, state and local provisions, that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment.

Employees

The number of persons employed by the Company as of February 24, 2003 was approximately 7,600.

Recent Developments

The Board of Directors, at their quarterly meeting on January 28, 2003, authorized a three-for-two stock split by the issuance on March 10, 2003 of one additional common share for each two common shares held of record on February 10, 2003. Accordingly, the par value for additional shares issued was adjusted to common stock, and fractional shares resulting from the stock split were settled in cash. All share and per share data appearing throughout this Form 10-K have been retroactively adjusted for this stock split.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Section 13(a) and 15(d) of the Securities and Exchange Act of 1934, as amended, are available free of charge on our web site at www.rollinscorp.com as soon as reasonably practicable after those reports are electronically filed with or furnished to the Securities and Exchange Commission.

Item 2. Properties.

The Company's administrative headquarters and central warehouse, both of which are owned by the Company, are located at 2170 Piedmont Road, N.E., Atlanta, Georgia 30324. The Company owns or leases several hundred branch offices and operating facilities used in its business as well as the Rollins Training Center located in Atlanta, Georgia. None of the branch offices, individually considered, represents a materially important physical property of the Company. The facilities are suitable and adequate to meet the current and reasonably anticipated future needs of the Company.

Item 3. Legal Proceedings.

Orkin, one of the Company's subsidiaries, is a named defendant in Helen Cutler and Mary Lewin v. Orkin Exterminating Company, Inc. et al. pending in the District Court of Houston County, Alabama. The plaintiffs in the above mentioned case filed suit in March of 1996 and are seeking monetary damages and injunctive relief for alleged breach of contract arising out of alleged missed or inadequate reinspections. The attorneys for the plaintiffs contend that the case is suitable for a class action and the court has ruled that the plaintiffs would

be permitted to pursue a class action lawsuit against Orkin. The Company believes this case to be without merit and intends to defend itself vigorously at trial. At this time, the final outcome of the litigation cannot be determined. However, it is the opinion of Management that the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Orkin is also a named defendant in Butland et al. v. Orkin Exterminating Company, Inc. et al. pending in the Circuit Court of Hillsborough County, Tampa, Florida. The plaintiffs filed suit in March of 1999 and are seeking monetary damages in excess of $15,000 for each named plaintiff and injunctive relief for alleged breach of contract, fraud and various violations of Florida state law. The Court ruled in early April 2002, certifying the class action lawsuit against Orkin. The Company has appealed this ruling to the Florida Second District Court of Appeals. Moreover, the Company believes this case to be without merit and intends to defend itself vigorously through trial, if necessary. At this time, the final outcome of the litigation cannot be determined. However, it is the opinion of Management that the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

The Company is involved in certain environmental matters primarily arising in the normal course of business. In the opinion of Management, the Company's liability under any of these matters would not materially affect its financial condition or results of operations.

Additionally, in the normal course of business, the Company is a defendant in a number of lawsuits, which allege that plaintiffs have been damaged as a result of the rendering of services by Company personnel and equipment. The Company is actively contesting these actions. It is the opinion of Management, however, that the outcome of these actions will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of 2002.

Item 4.A. Executive Officers of the Registrant.

Each of the executive officers of the Company was elected by the Board of Directors to serve until the Board of Directors' meeting immediately following the next Annual Meeting of Stockholders or until his earlier removal by the Board of Directors or his resignation. The following table lists the executive officers of the Company and their ages, offices with the Company, and the dates from which they have continually served in their present offices with the Company.

Name	Age	Office with Registrant	Date First Elected to Present Office
R. Randall Rollins(1)	71	Chairman of the Board	10/22/91
Gary W. Rollins(2)	58	Chief Executive Officer, President and Chief Operating Officer	7/24/01
Michael W. Knottek(3)	58	Senior Vice President and Secretary	4/23/02
Harry J. Cynkus(4)	53	Chief Financial Officer and Treasurer	5/28/98
Glen W. Rollins(5)	36	Vice President	4/23/02

(1) R. Randall Rollins and Gary W. Rollins are brothers.

(2) Gary W. Rollins was elected to the office of President and Chief Operating Officer in January 1984. He was elected to the additional office of Chief Executive Officer in July 2001.

(3) Michael W. Knottek joined the Company in June 1997 as Vice President and, in addition, was elected Secretary in May 1998. He became Senior Vice President in April of 2002. From 1992 to 1997, Mr. Knottek held a variety of executive management positions with National Linen Service, including Senior Vice President of Finance and Administration and Chief Financial Officer. Prior to 1992, he held a variety of senior positions with Initial USA, finally serving as President from 1991 to 1992.

(4) Harry J. Cynkus joined the Company in April 1998 and, in May 1998, was elected Chief Financial Officer and Treasurer. From 1996 to 1998, Mr. Cynkus served as Chief Financial Officer of Mayer Electric Company, a wholesaler of electrical supplies. From 1994 to 1996, he served as Vice President - Information Systems for Brach & Brock Confections, the acquirer of Brock Candy Company, where Mr. Cynkus served as Vice President - Finance and Chief Financial Officer from 1992 to 1994. From 1989 to 1992, he served as Vice President - Finance of Initial USA, a division of an international support services company. Mr. Cynkus is a

Certified Public Accountant.

(5) Glen W. Rollins is the son of Gary W. Rollins. He joined the Company in 1989 and has held a variety of positions within the organization including Executive Vice President of Orkin Exterminating Company, Inc., to which he was elected in June 2001. In April 2002, he was named Vice President of Rollins, Inc.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The Common Stock of the Company is listed on the New York and Pacific Stock Exchanges and is traded on the Philadelphia, Chicago and Boston Exchanges under the symbol ROL. The high and low prices of the Company's common stock and dividends paid for each quarter in the years ended December 31, 2002 and 2001 were as follows:

STOCK PRICES AND DIVIDENDS
Rounded to the nearest $.01

2002	Stock Price High	Stock Price Low	Dividends Paid Per Share	2001	Stock Price High	Stock Price Low	Dividends Paid Per Share
First Quarter	$14.50	$12.53	$.03	First Quarter	$14.20	$11.23	$.03
Second Quarter	14.47	12.13	.03	Second Quarter	13.79	11.55	.03
Third Quarter	14.32	12.20	.03	Third Quarter	13.99	9.98	.03
Fourth Quarter	19.00	12.41	.03	Fourth Quarter	14.23	9.99	.03

The number of stockholders of record as of February 24, 2003 was 1,538.

Item 6. Selected Financial Data.

The information contained under the heading, "5-Year Financial Summary", on the inside front cover of the 2002 Annual Report to Stockholders, is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

(In thousands)	2002	2001	2000	% Increase From Prior Year 2002	% Increase From Prior Year 2001
Revenues	$665,425	$649,925	$646,878	2.4%	0.5%
Net Income	27,110	16,942	9,550	60.0	77.4

General Operating Comments

The Company's continued emphasis on customer retention along with building recurring revenues resulted in revenue growth of 2.4% in 2002 despite a sluggish economy. The financial results for the fourth quarter 2002 and the year were positively impacted by the continued benefit of our recent service initiatives, which included every-other-month residential pest control service, AcuridSM premium commercial pest control services, and termite directed liquid and baiting treatment.

For the fourth quarter of 2002, the Company had net income of $3.7 million compared to net income of $1.6 million in the fourth quarter of 2001. For the year ended December 31, 2002, the Company had net income of $27.1 million compared to the prior year amount of $16.9 million, which represents a 60.0%

increase. The overall improvement for the year in profit margins is largely a result of improved Cost of Services Provided and Sales, General & Administrative a percentage of revenues, partially offset by higher depreciation.

Results of Operations - 2002 Versus 2001

Revenues for the year ended December 31, 2002 increased to $665.4 million, an increase of $15.5 million or 2.4% from last year's revenues of $649.9 million. The Company's foreign operations made up less than 6.0% of the Company's total revenues in 2002 and 2001. The revenue increase was mainly attributable to a modest increase in revenues from pest control services, as termite revenues were flat with the prior year. The growth in pest control revenues reflects the beneficial impact of better customer retention and a successful residential summer sales program, factors that combined to produce a net gain in the customer base as well as higher average selling prices. Within the

U.S., the Company had an improvement in customer retention, a modest increase in new sales units and an overall improvement in average selling prices, resulting in a higher ending customer base at the end of the year. Every-other-month service, our primary residential pest control service offering, continues to grow in importance, comprising almost 50% of our residential pest control customer base at year end. Our commercial revenues grew, mainly as a result of better pricing on new sales, a successful price increase campaign for existing customers in 2002, and the introduction of new products and services during the year. Although termite revenues were flat in 2002 as a result of a decrease in sales to new customers, the Company experienced an improvement in recurring revenues mainly from enhanced renewal retention and higher bait monitoring services. Despite the decrease in termite sales dollars, the Company managed to achieve a slight improvement in average selling prices.

Orkin's directed liquid termite baiting program generates recurring monitoring revenues that are deferred to the balance sheet each month in the form of unearned revenue. This is then being recognized in future periods when the service is rendered.

Cost of Services Provided for the year ended December 31, 2002 decreased $284,000 or 0.1% and margins improved by 1.4 points, representing 54.3% of revenues in 2002 compared to 55.7% of revenues in the prior year. Improvement for the year ended December 31, 2002 can be mainly attributed to the Company's recent service initiatives that have increased productivity, reduced headcount, and created other efficiencies and better asset utilization. The Company achieved reductions in service salaries, personnel related expenses, materials and supplies, travel and fleet expense, which were partially offset by slightly higher insurance and claims charges. Pest control and termite technician productivity improved as did employee retention. The Company believes that better employee retention has a direct impact on customer retention. Better fleet management led to a decrease in the average number of vehicles and an improvement in revenues per vehicle.

Sales, General and Administrative for the year ended December 31, 2002 decreased $2.0 million or 0.8%, and improved by 1.2 margin points in 2002, averaging 35.8% of total revenues compared to 37.0% for the prior year. Improvement for the year was mainly attributed to reduced personnel related expenses, fleet expense, telephone expense, travel expense, bad debt expense and sales promotions partially offset by higher summer selling program expense and advertising expense.

Depreciation and Amortization expenses for the year ended December 31, 2002 were approximately $1.3 million or 6.6% higher than the prior year. The increase was primarily due to the depreciation associated with FOCUS, the Company's new proprietary branch computer system. The rollout of FOCUS to the branches was completed in the fourth quarter of 2001. As a result of the adoption of SFAS No. 142, the amortization of goodwill has been discontinued as of January 1, 2002, causing a decrease in goodwill amortization expense of approximately $2.2 million partially offset by an increase in amortization expense of $2.0 million due to a change in the expected life of customer contracts.

Net income for the year ended December 31, 2002 includes the effects of adopting SFAS No. 142, which did not have a material impact to the Company's overall results of operations. In addition, if SFAS No. 142 had been adopted in the year ended December 31, 2001, it would not have had a material impact to net income previously reported for the year ended December 31, 2001.

The Company's net tax provision of $16.6 million for the year ended December 31, 2002 reflects increased taxable income over the prior year. The effective tax rate of 38% was consistent between periods presented.

The decline in the Accrual for Termite Contracts of $4.4 million or 8.7% reflects improvement in the experience rate, as well as the payment of several large termite claims and the cost of remediation. Accrued Insurance decreased $0.7 million or 1.6% during the year as a result of improved experience rate, attributable to the Company's proactive management of issues associated with self insured risks.

Results of Operations - 2001 Versus 2000

The 0.5% increase in revenues for the year ended December 31, 2001 was primarily due to increased recurring revenues in both pest and termite control. Pest control benefited from improvement in customer retention and a solid increase in commercial revenues. The increased recurring revenues from termite control can be mainly attributed to the impact of the termite baiting program.

Orkin's directed liquid termite baiting program generates recurring monitoring revenues that are deferred to the balance sheet each month in the form of unearned revenue. This is then being recognized in future periods when the service is rendered.

Over the past couple of years, the Company has successfully integrated several pest control companies acquired in the United States and Canada. Cost of Services Provided decreased $7.0 million compared to 2000, and improved to represent 55.7% of revenues compared to 57.0% in 2000. This margin improvement was primarily attributable to productivity improvements and other increased efficiencies, including a reduced workforce in service, and reductions in personnel related expenses and fleet expense that were partially offset by an increase in insurance expense. Depreciation and Amortization increased approximately $1.9 million or 10.2% over 2000, due primarily to the implementation of our new proprietary branch computer system, FOCUS, in the fourth quarter of 2001.

Sales, General and Administrative decreased $4.0 million over 2000, and improved to represent 37.0% of revenues compared to 37.8% in 2000. This improvement as a percentage of revenues resulted primarily from improved efficiencies and a reduced workforce in sales, decreased other personnel related costs, and decreased bad debt expense.

Net interest income declined $252,000 or 56.0% in 2001 primarily due to lower interest rates on invested cash balances and higher interest expense for notes payable associated with acquisitions.

The Company's tax provision of $10.4 million as compared to $5.9 million in 2000, reflects increased income in 2001.

The decline in the Accrual for Termite Contracts of $6.8 million or 11.8% reflects improvement in the experience rate, as well as the payment of termite claims and the cost of remediation. Accrued Insurance decreased $6.3 million or 12.9% during the year as a result of improved experience rate, attributable to the Company's proactive management of issues associated with self insured risks.

Related Party Transactions

At the Company's October 22, 2002 Board of Directors' meeting, the independent directors of the Board of Directors' and the Audit Committee approved three related party transactions. The Audit Committee and the independent directors were furnished with full disclosure of the transactions, including independent appraisals, and determined that the terms of each transaction were reasonable and fair to the Company. The first approval was the purchase of the Rollins Training Center on October 31, 2002 for $3.1 million from RTC, LLC, a company controlled by R. Randall Rollins, Chairman of the Board of Rollins, Inc. The second approval was the purchase of hand-held computer software development known as PowerTrak Version 1.0 from RRR Associates, a company controlled by R. Randall Rollins. The purchase was made during the fourth quarter at an approved purchase price of $250,000. The third approval was a lease agreement effective July 1, 2002 that expires June 30, 2007 for company real estate in Okeechobee County, Florida to be leased to Rollins Ranch, a division of LOR, Inc., a company controlled by R. Randall Rollins and Gary W. Rollins, Chief Executive Officer, President and Chief Operating Officer of Rollins, Inc. The annual lease rate on this real estate is $131,939. It is the opinion of Management that these related party transactions were reasonable and fair to the Company and will not have a material effect on the Company's financial position, results of operations or liquidity.

At the Company's January 28, 2003 Board of Directors' meeting, the independent directors of the Board of Directors' and the Audit Committee approved four related party transactions. The Audit Committee and the independent directors were furnished with full disclosure of the transactions, including independent appraisals, and determined that the terms of each transaction were reasonable and fair to the Company and will not have a material effect on the Company's financial position, results of operations or liquidity. The first approval was the ratification of the current arrangement between Rollins, Inc. and LOR, Inc., a company controlled by R. Randall Rollins and Gary W. Rollins, related to sharing the aviation hangar located at the Dekalb-Peachtree Airport as well the usage of the Jetstar II, owned by Rollins, Inc., and Gulfstream III, owned by LOR, Inc. LOR, Inc. leases half of the hangar from Rollins, Inc. for a total annual lease amount of $13,655. This lease expires on January 24, 2008. The hangar currently houses three airplanes, two of which are not owned by Rollins, Inc. and reside on the portion of the hangar leased by LOR, Inc. All other expenses related to the hangar are also shared

equally by Rollins, Inc. and LOR, Inc. Total expenses for 2002 were approximately $114,000, which includes rental, utilities, maintenance and repairs, depreciation, property tax and miscellaneous expense. The Jetstar II and Gulfstream III are used by both Rollins, Inc. and LOR, Inc. and are billed on a monthly basis. The Gulfstream III is charged at a rate of $12,750 per month while the Jetstar II is charged at a rate of $5,250 per month. All expenses related to each respective aircraft are paid for by the owner of each aircraft, except for fuel. Fuel is paid for by Rollins, Inc. and billed monthly to the company using the aircraft. Additionally, Mr. R. Randall Rollins and Mr. Gary W. Rollins use the Jetstar II for personal use and are billed for its use at the rate of

$1,000 per hour, which approximates the fuel cost. The total hourly usage for 2002 was approximately 6 hours or $6,000. The Company on occasion uses the Gulfstream III and is also billed for its use at a rate of $1,000 per hour, which approximates the fuel cost. The second approval was the ratification of the arrangement concerning the rental of office space to LOR, Inc. located at 2170 Piedmont Road N.E., Atlanta, Georgia 30324. The property located at 2170 Piedmont Road is owned by Rollins Continental, Inc. a wholly owned subsidiary of Rollins, Inc. Currently LOR, Inc. occupies approximately 3,580 square feet of office space in the building located at 2170 Piedmont Road. The annual rental rate is $39,029. The third approval was the ratification of the arrangement concerning the rental of office space to LOR, Inc. located at 710 Lakeshore Circle, Atlanta, Georgia 30324. The property located at 710 Lakeshore Circle is also owned by Rollins Continental, Inc. Currently LOR, Inc. occupies approximately 3,344 square feet of office space in the building located at 710 Lakeshore Circle. The annual rental rate is $40,800. The fourth approval was the ratification of the current arrangement related to the payment of fees for the services of a programmer/analyst that was employed by LOR, Inc. but has become employed by Rollins, Inc. in the first quarter of 2003. The programmer/analyst is being used to further develop the PowerTrak Version 1.0 hand-held computer software purchased in the fourth quarter of 2002 (as discussed in the above paragraph). The hourly wage paid to LOR, Inc. was $32 per hour, which equated to $66,560 per year, including overhead. It is the opinion of Management that these related party transactions were reasonable and fair to the Company and will not have a material effect on the Company's financial position, results of operations or liquidity.

Employees of Rollins, Inc. confer with employees of LOR, Inc. and RRR Associates and vice versa. No fees are charged for these services because in the opinion of Management the activity is mutually beneficial and offsetting.

Critical Accounting Policies

We view critical accounting policies to be those policies that are very important to the portrayal of our financial condition and results of operations, and that require Management's most difficult, complex or subjective judgments. The circumstances that make these judgments difficult or complex relate to the need for Management to make estimates about the effect of matters that are inherently uncertain. We believe our critical accounting policies to be as follows:

Accrual for Termite Contracts - The Company maintains an accrual for termite contracts representing the estimated costs of reapplications, repair claims and associated labor, chemicals, and other costs relative to termite control services performed prior to the balance sheet date. The Company contracts an independent third party actuary on an annual basis to provide the Company a range of estimated liability based upon historical claims information. The actuarial study is a major consideration in determining the accrual balance along with Management's knowledge of changes in business practices, contract changes, ongoing claims and termite remediation trends. The reserve is established based on all these factors. Management makes judgments utilizing these operational factors but recognizes that they are inherently subjective due to the difficulty in predicting settlements and awards. Other factors that may impact future cost include chemical life expectancy and governmental 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 accurately predict future significant claims. Positive changes to our business practices include revisions made to our contracts, more effective treatment methods that include a directed-liquid baiting program, more effective termiticides, and expanded training methods and techniques.

Accrued Insurance - The Company self-insures, 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 self-insurance 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 an independent third party actuary on an annual basis to provide the Company a range of estimated liability based upon historical claims information. The actuarial study is a major consideration, along with Management's knowledge of changes in business practice and existing claims

compared to current balances. The reserve is established based on all these factors. 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. It should be noted that the number of claims has been decreasing due to the Company's proactive risk management to develop and maintain ongoing programs. However, it is not possible to accurately predict future significant claims. Initiatives that have been implemented, include pre-employment and an annual Motor Vehicle report required on all its drivers, utilization of a Global Positioning System that has been fully deployed to our Company vehicles, post-offer physicals for new employees, and pre-hire, random and post-accident drug testing. The Company has improved the time required to report a claim by utilizing a "Red Alert" program that provides serious accident assessment twenty four hours a day and seven days a week and has instituted a modified duty program that enables employees to go back to work on a limited-duty basis.

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, while certain types of commercial customers may receive multiple treatments within a given month. In general, pest control customers sign an initial one 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 when the initial services are performed at the inception of a new contract, although a portion of every termite baiting sale is deferred. The amount deferred is an estimate of the value of monitoring services to be rendered after the initial service. The amount deferred is then 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. Baiting renewals are deferred and recognized over the annual contract period on a straight-line basis that approximates the timing of performing the required monitoring visits. Traditional termite treatments are recognized as revenue at the time services are performed. Traditional termite contract renewals are recognized as revenues at the renewal date in order to match the revenue with the approximate timing of the corresponding service provided.

Liquidity and Capital Resources

The Company believes its current cash balances, future cash flows from operating activities and available borrowings under its $40.0 million line of credit will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future. The Company's operations generated cash of $53.7 million for the year ended December 31, 2002, compared with cash provided by operating activities of $29.6 million in 2001 and $11.4 million in 2000. The 2002 increase resulted primarily from favorable changes in working capital related primarily to higher net income from operations, the timing of advanced payments from customers which produced an increase in unearned revenue, and the Company's ability to reduce its investment in accounts receivable and inventories despite higher revenues. A customer of the Company, Kmart, declared bankruptcy in January 2002, which did not have a material impact on the Company's results of operations or its liquidity.

The Company invested approximately $10.4 million in capital expenditures during the year ended December 31, 2002. Capital expenditures for the year consisted primarily of the purchase of the Rollins Training Center for $3.1 million, as well as equipment replacements and upgrades and improvements to the Company's management information systems. The Company expects to invest between $8.5 million and $10.5 million in 2003 in capital expenditures. During the year, the Company made several acquisitions totaling $1.8 million compared to $0.7 million during 2001. The Company currently does not have plans to aggressively seek new acquisitions but will give consideration to any unusually attractive acquisition opportunities presented. A total of $6.0 million was paid in cash dividends ($0.033 a quarter) during the year and approximately $6.2 million was paid for repurchases of 496,200 shares of the Company's Common Stock. Approximately 108,000 of these repurchased shares were used for the 401(k) match in February 2003. At the January 28, 2003 Board of Directors' Meeting the Board approved a 50% increase in the dividend, from $0.033 to $0.05 on the split number of shares, as well as a three-for-two stock split to holders of record on February 10, 2003 payable March 10, 2003. The capital expenditures, acquisitions, stock repurchases and cash dividends were funded entirely through existing cash balances and operating activities. The Company maintains a $40.0 million credit facility with a commercial bank, of which no borrowings were outstanding as of December 31, 2002 or February 24, 2003. However, the Company does maintain approximately $25.0 million in Letters of Credit.

Orkin, one of the Company's subsidiaries, is aggressively defending a class action lawsuit filed in Hillsborough County, Tampa, Florida. In early April, 2002, the Circuit Court of Hillsborough County certified the class action status of Butland et al. v. Orkin Exterminating Company, Inc. et al. Orkin is also a defendant in Helen Cutler and Mary Lewin v. Orkin Exterminating Company, Inc. et al pending in the District Court of Houston County, Alabama. For further discussion, see Note 7 to the accompanying financial statements.

In late April of 2002, the Company initiated a restructuring and re-engineering of the Home Office at its corporate headquarters in Atlanta. As part of this reorganization, positions were eliminated and a new organization was implemented to provide more effective processes and support to the field. In 2002, the Company incurred $824,000 in costs related to the restructuring and does not anticipate additional costs in 2003. It is the opinion of Management that the reorganization will not have a material effect on the Company's financial position, results of operations or liquidity in the near term, though ultimately improving the profitability and cash flows of the Company.

The Company made contributions of $20.0 million to the defined benefit retirement plan (the "Plan") during 2002 as a result of the Plan being underfunded. The Company believes that it will make contributions in the amount of approximately $5.0 to $10.0 million in 2003. It is the opinion of Management that additional Plan contributions will not have a material effect on the Company's financial position, results of operations or liquidity.

At December 31, 2002, the Company had the following contractual commitments:

<TABLE>
<CAPTION>

	Year ending December 31,			
(In thousands)	2003	2004	2005	2006-2011
<S>	<C>	<C>	<C>	<C>
Non-cancelable operating leases	$22,047	$15,556	$11,416	$31,515
Acquisition notes payable	1,685	1,467	1,134	1,783
Total	$23,732	$17,023	$12,550	$33,298

</TABLE>

Impact of Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, which is effective for fiscal years beginning after June 15, 2002. The Statement requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company will adopt Statement 143 on January 1, 2003, and, based on current circumstances, does not believe that the impact of adoption of Statement 143 will have a material impact on the Company's financial position or results of operations.

In April 2002, the FASB issued Statement No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections, that rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements, and FASB Statement No. 44, Accounting for Intangible Assets of Motor Carriers. This Statement amends FASB Statement No. 4 and FASB Statement No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The Company will adopt the provisions of Statement 145 related to the rescission of Statement 4 on January 1, 2003. The Company adopted the provisions of this Statement related to Statement 13, as well as all other provisions of this Statement, which were effective May 15, 2002. The adoption of these provisions did not have a material impact on the Company's financial position, results of operations or liquidity for the year ended December 31, 2002. Management believes that the adoption of the provisions of Statement 145 related to the rescission of Statement 4 will not have a material effect on the Company's financial position, results of operations or liquidity.

In June 2002, the FASB issued Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred and nullifies EITF 94-3. The Company plans to adopt Statement 146 on January 1, 2003. Management believes that the adoption of this statement will not have a material effect on the Company's financial position, results of operations or liquidity.

In December 2002, the FASB issued Statement No. 148, Accounting for Stock-Based Compensation, Transition and Disclosure. Statement 148 provides

alternative methods of transition for a voluntary change to the fair value based method of accounting for employee stock-based compensation and requires expanded disclosure regarding stock-based compensation in the "Summary of Significant Accounting Policies", or its equivalent, in the notes to the consolidated financial statements about the method of accounting and the effect of the method used on reported results. The disclosure provisions of this Statement are effective for financial statements issued for fiscal years ending after December 15, 2002. The Company does not expect to transition to the fair value based method of accounting for stock-based compensation. Management believes that the adoption of Statement 148 will not have a material effect on the financial position, results of operations or liquidity of the Company.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Indebtedness of Others, which requires expanded disclosure for existing guarantees and product warranties for the year ended December 31, 2002 in addition to stipulating that at the inception of guarantees issued after December 31, 2002, a company needs to record the fair value of the guarantee as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. FIN 45 further states that the liability is typically reduced over the term of the guarantee. The Company will apply the initial recognition and measurement provisions on a prospective basis for all guarantees issued after December 31, 2002. Adoption of FIN 45 will have no impact on the Company's historical financial statements as existing guarantees are not subject to the measurement provisions of FIN 45.

In November 2002, the Emerging Issues Task Force issued EITF 00-21, Revenue Arrangements with Multiple Deliverables, which is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. This EITF addresses how to account for arrangements that may involve the delivery or performance of multiple products, services, and/or rights to use assets. The Company is currently analyzing the impact of adopting this EITF.

Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements regarding the expected impact of potential future pension plan contributions, related party transactions, the outcome of litigation arising in the ordinary course of business and the outcome of the Helen Cutler and Mary Lewin v. Orkin Exterminating Company, Inc. et al. ("Cutler") and the Butland et al. v. Orkin Exterminating Company, Inc. et al. ("Butland") litigation on the Company's financial condition, results of operations and liquidity; the adequacy of the Company's resources to fund operations and obligations; the impact of the corporate restructuring on liquidity and results of operations; and the Company's projected 2003 capital expenditures. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks, timing and uncertainties including, without limitation, the possibility of an adverse ruling against the Company in the Cutler, Butland or other litigation; general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's termite process reforms and pest control selling and treatment methods; the Company's ability to identify potential acquisitions; climate and weather trends; competitive factors and pricing practices; that the cost reduction benefits of the corporate restructuring may not be as great as expected or eliminated positions may have to be reinstated in the future; potential increases in labor costs; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Market Risk

As of December 31, 2002, the Company maintained an investment portfolio subject to short-term interest rate risk exposure. The Company has been affected by the impact of lower interest rates on interest income from its short-term investments. The Company is also subject to interest rate risk exposure through borrowings on its $40.0 million credit facility. Due to the absence of such borrowings as of December 31, 2002 and as currently anticipated for 2003, this risk is not expected to have a material effect upon the Company's results of operations or financial position going forward. The Company is also exposed to market risks arising from changes in foreign exchange rates. The Company believes that this foreign exchange rate risk will not have a material effect upon the Company's results of operations or financial position going forward.

Item 8. Financial Statements and Supplementary Data.
<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Rollins, Inc. and Subsidiaries

At December 31, (In thousands except share and per share data)	2002	2001
ASSETS		
Cash and Short-Term Investments	$ 38,315	$ 8,650
Trade Receivables, Net of Allowance for Doubtful Accounts of $5,441 and $6,973, respectively	47,740	48,479
Materials and Supplies	10,662	11,895
Deferred Income Taxes	20,035	21,044
Other Current Assets	9,470	10,415
Current Assets	126,222	100,483
Equipment and Property, Net	38,880	44,273
Goodwill	72,392	72,383
Customer Contracts and Other Intangible Assets	35,507	40,067
Deferred Income Taxes	44,406	39,309
Other Assets	---	44
Total Assets	$317,407	$296,559
LIABILITIES		
Accounts Payable	$ 12,138	$ 12,920
Accrued Insurance	11,740	9,912
Accrued Payroll	28,623	30,921
Unearned Revenue	43,049	27,470
Accrual for Termite Contracts	19,000	15,000
Other Current Liabilities	15,312	12,313
Current Liabilities	129,862	108,536
Accrued Insurance, Less Current Portion	30,222	32,713
Accrual for Termite Contracts, Less Current Portion	27,446	35,875
Accrued Pension	10,769	2,885
Long-Term Accrued Liabilities	28,418	31,052
Total Liabilities	226,717	211,061
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common Stock, par value $1 per share; 99,500,000 shares authorized; 44,799,368 and 45,104,985 shares issued and outstanding, respectively	44,799	45,105
Accumulated Other Comprehensive Income (Loss)	(16,947)	(4,822)

Retained Earnings	62,838	45,215
Total Stockholders' Equity	90,690	85,498
Total Liabilities and Stockholders' Equity	$317,407	$296,559

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</FN>
</TABLE>

<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF INCOME
Rollins, Inc. and Subsidiaries

Years Ended December 31, (In thousands except per share data)	2002	2001	2000
REVENUES			
Customer Services	$665,425	$649,925	$646,878
COSTS AND EXPENSES			
Cost of Services Provided	361,677	361,961	368,974
Depreciation and Amortization	21,635	20,292	18,421
Sales, General and Administrative	238,583	240,544	244,530
Interest Income	(196)	(198)	(450)
	621,699	622,599	631,475
INCOME BEFORE INCOME TAXES	43,726	27,326	15,403
PROVISION FOR INCOME TAXES			
Current	13,680	6,771	3,182
Deferred	2,936	3,613	2,671
	16,616	10,384	5,853
NET INCOME	$ 27,110	$ 16,942	$ 9,550
EARNINGS PER SHARE - BASIC AND DILUTED			
Net Income	$ 0.60	$ 0.37	$ 0.21
Average Shares Outstanding - Basic	45,021	45,200	45,014
Average Shares Outstanding - Diluted	45,409	45,398	45,070
DIVIDENDS PAID PER SHARE	$ 0.13	$ 0.13	

$ 0.13
<FN>
The accompanying notes are an integral part of these consolidated financial statements.
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</TABLE>

<TABLE>
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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Rollins, Inc. and Subsidiaries

(In thousands)	Common Stock		Retained	Comprehensive	Accumulated Other Comprehensive	Treasury	
	Shares	Amount	Earnings	Income (Loss)	Income (Loss)	Stock	Total
Balance at December 31, 1999	29,881	$29,881	$41,909	$ ---	$ ---	$ ---	$71,790
Net Income			9,550				9,550
Common Stock Purchased	(10)	(10)	(144)				(154)
Common Stock Issued for Acquisitions of Companies	165	165	2,307				2,472
Cash Dividends			(6,031)				(6,031)
Three-for-Two Stock Split	15,018	15,018	(15,018)				---
Other			972				972
Balance at December 31, 2000	45,054	$45,054	$33,545	$ ---	$ ---	$ ---	$78,599
Net Income			16,942	16,942			16,942
Other Comprehensive Income, Net of Tax							
Minimum Pension Liability Adjustment				(4,047)			(4,047)
Foreign Currency Translation Adjustments				(775)			(775)
Other Comprehensive Income (Loss)				(4,822)	(4,822)		
Comprehensive Income				$12,120			
Cash Dividends			(6,028)				(6,028)
Common Stock Purchased			(1,503)			(107)	(1,610)
Common Stock Issued for Acquisitions of Companies	31	31	469			---	500
Issuance of 401(k) Company Match	108	108	1,712			---	1,820
Three-for-Two Stock Split	71	71	(17)			(54)	---
Other	2	2	95			---	97
Balance at December 31, 2001	45,266	$45,266	$45,215	$ ---	$ (4,822)	$ (161)	$85,498
Net Income			27,110	27,110			27,110
Other Comprehensive Income, Net of Tax							
Minimum Pension Liability Adjustment				(12,135)			(12,135)
Foreign Currency Translation Adjustments				10			10
Other Comprehensive Income (Loss)				(12,125)	(12,125)		
Comprehensive Income				$14,985			

Cash Dividends			(6,004)				(6,004)
Common Stock Purchased	(90)	(90)	(5,835)			(241)	(6,166)
Issuance of 401(k) Company Match	---	---	1,634			90	1,724
Three-for-Two Stock Split	(27)	(27)	102			(75)	---
Other	37	37	616			---	653
Balance at December 31, 2002	45,186	$45,186	$62,838	$ ---	$(16,947)	$ (387)	$90,690

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</FN>
</TABLE>

<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF CASH FLOWS
Rollins, Inc. and Subsidiaries

Years Ended December 31, (In thousands)	2002	2001	2000
OPERATING ACTIVITIES			
<S>	<C>	<C>	<C>
Net Income	$ 27,110	$ 16,942	$ 9,550
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	21,635	20,292	18,421
Provision for Deferred Income Taxes	3,643	3,360	2,671
Other, Net	955	250	(42)
(Increase) Decrease in Assets:			
Trade Receivables	816	1,620	(1,266)
Materials and Supplies	1,244	1,085	614
Other Current Assets	945	(3,396)	607
Other Non-Current Assets	(44)	(2,476)	1,858
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Expenses	(7,576)	5,413	(8,271)
Unearned Revenue	15,579	1,088	6,690
Accrued Insurance	(663)	(6,322)	(6,270)
Accrual for Termite Contracts	(4,429)	(6,776)	(11,702)
Long-Term Accrued Liabilities	(5,521)	(1,522)	(1,413)
Net Cash Provided by Operating Activities	53,694	29,558	11,447
INVESTING ACTIVITIES			
Purchases of Equipment and Property	(10,367)	(8,474)	(14,411)
Net Cash Used for Acquisitions of Companies	(1,788)	(704)	(7,437)
Marketable Securities, Net	---	---	13,084
Net Cash Used in Investing Activities	(12,155)	(9,178)	(8,764)

	2002	2001	2000
FINANCING ACTIVITIES			
Dividends Paid	(6,004)	(6,028)	(6,031)
Common Stock Purchased	(6,166)	(1,610)	(154)
Payments on Capital Leases	(256)	(1,829)	(3,397)
(Payments)/Borrowings, under the Credit Facility	---	(1,400)	1,400
Other	552	(1,262)	209
Net Cash Used in Financing Activities	(11,874)	(12,129)	(7,973)
Net Increase (Decrease) in Cash and Short-Term Investments	29,665	8,251	(5,290)
Cash and Short-Term Investments at Beginning of Year	8,650	399	5,689
Cash and Short-Term Investments at End of Year	$ 38,315	$ 8,650	$ 399
Supplemental Disclosure of Cash Flow Information			
Cash Paid for Interest	$ 436	$ 581	$ 854
Cash Paid for Income Taxes	$ 10,893	$ 5,954	$ (2,754)

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</FN>
</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2002, 2001, and 2000, Rollins, Inc. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description - Rollins, Inc. ("the Company") is a national service company with headquarters located in Atlanta, Georgia, providing pest and termite control services to both residential and commercial customers.

Orkin Exterminating Company, Inc. ("Orkin"), a wholly owned subsidiary of the Company founded in 1901, is one of the world's largest pest and termite control companies. It provides customized services from over 400 locations to approximately 1.6 million customers. Orkin serves customers in the United States, Canada, and Mexico, providing essential pest control services and protection against termite damage, rodents and insects to homes and businesses, including hotels, food service establishments, discount and grocery retail stores, dairy farms and transportation companies. Orkin operates under the Orkin(R) and PCO Services, Inc.(R) trademarks and the AcuridSM service mark.

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

Principles of Consolidation - The consolidated financial statements of the Company include the accounts of Rollins, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

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 requires Management to make estimates and assumptions that affect the amounts reported in the accompanying notes and financial statements. Such estimates include the amount of valuation reserves for bad debt, Accrued Insurance and Accrual for Termite Contracts balances. Actual results could differ from those estimates.

Revenues - 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, while certain types of

commercial customers may receive multiple treatments within a given month. In general, pest control customers sign an initial one 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 when the initial services are performed at the inception of a new contract, although a portion of every termite baiting sale is deferred. The amount deferred is an estimate of the value of monitoring services to be rendered after the initial service. The amount deferred is then 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. Baiting renewals are deferred and recognized over the annual contract period on a straight-line basis that approximates the timing of performing the required monitoring visits. Traditional termite treatments are recognized as revenue at the time services are performed. Traditional termite contract renewals are recognized as revenues at the renewal date in order to match the revenue with the approximate timing of the corresponding service provided. Interest income on installment receivables is accrued monthly based on actual loan balances and stated interest rates. Franchise fee income is treated as unearned revenue in the Statement of Financial Position for the duration of the initial contract period. Royalty fees from Orkin franchises are accrued and recognized as revenues on a monthly basis.

Cash and Short-Term Investments - The Company considers all investments with a maturity of three months or less to be cash equivalents. Short-term investments are stated at cost, which approximates fair market value.

Materials and Supplies - Materials and supplies are recorded at the lower of cost (first-in, first-out basis) or market. The Company's centralized warehouse is located in Atlanta, Georgia.

Equipment and Property - Depreciation and amortization, which includes the amortization of assets recorded under capital leases, are provided principally on a straight-line basis over the estimated useful lives of the related assets. Annual provisions for depreciation of $15.0 million in 2002, $13.6 million and $11.4 million for each of the years 2001 and 2000, respectively have been reflected in the Consolidated Statements of Income in the line item entitled Depreciation and Amortization. These annual provisions for depreciation are computed using the following asset lives: buildings, ten to forty years; and furniture, fixtures, and operating equipment, three to ten 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.

Insurance - The Company self-insures, 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 self-insurance 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 an independent third party actuary on an annual basis to provide the Company a range of estimated liability based upon historical claims information. The actuarial study is a major consideration, along with Management's knowledge of changes in business practice and existing claims compared to current balances. The reserve is established based on all these factors. 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.

Advertising - Advertising expenses are charged to income during the year in which they are incurred. The total advertising costs were approximately $30.0 million, $30.2 million and $30.8 million in 2002, 2001 and 2000, respectively.

Income Taxes - The Company provides for income taxes based on Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for 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.

Earnings Per Share - In accordance with SFAS No. 128, Earnings Per Share ("EPS"), the Company presents basic EPS and diluted EPS. Basic EPS is computed on the basis of weighted-average shares outstanding. Diluted EPS is computed on the basis of weighted-average shares outstanding plus common stock options outstanding during the year, which, if exercised, would have a dilutive effect on EPS. Basic and diluted EPS are the same for all years reported. Basic and diluted EPS have been restated for the three-for-two stock split. A reconciliation of the number of weighted-average shares used in computing basic and diluted EPS is as follows:
<TABLE>

<CAPTION>

(In thousands except per share data and per share amounts)	2002	2001	2000
<S>	<C>	<C>	<C>
Basic and diluted earnings available to stockholders (numerator):	$27,110	$16,942	$ 9,550
Shares (denominator):			
Weighted-average shares outstanding	45,021	45,200	45,014
Effect of Dilutive securities:			
Employee Stock Options	388	198	56
Adjusted Weighted-Average Shares and Assumed Conversions	45,409	45,398	45,070
Per share amounts:			
Basic earnings per common share	$0.60	$0.37	$0.21
Diluted earnings per common share	$0.60	$0.37	$0.21

</TABLE>

Stock-Based Compensation - As permitted by SFAS No. 123, Accounting for Stock-Based Compensation, the Company accounts for employee stock compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees.

Comprehensive Income -For the year ended December 31, 2000, comprehensive income was not materially different from net income and, as a result, the impact of SFAS No. 130, Reporting Comprehensive Income, was not reflected in those consolidated financial statements. For the years ended 2002 and 2001, the Company is reporting comprehensive income due to additional minimum liabilities recorded in association with the pension plan and foreign currency translations in the accompanying Consolidated Statements of Stockholders' Equity.

New Accounting Standards - In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, which is effective for fiscal years beginning after June 15, 2002. The Statement requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company will adopt Statement 143 on January 1, 2003, and, based on current circumstances, does not believe that the impact of adoption of Statement 143 will have a material impact on the Company's financial position or results of operations.

In April 2002, the FASB issued Statement No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections, that rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements, and FASB Statement No. 44, Accounting for Intangible Assets of Motor Carriers. This Statement amends FASB Statement No. 4 and FASB Statement No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The Company will adopt the provisions of Statement 145 related to the rescission of Statement 4 on January 1, 2003. The Company adopted the provisions of this Statement related to Statement 13, as well as all other provisions of this Statement, which were effective May 15, 2002. The adoption of these provisions did not have a material impact on the Company's financial position, results of operations or liquidity for the year ended December 31, 2002. Management believes that the adoption of the provisions of Statement 145 related to the rescission of Statement 4 will not have a material effect on the Company's financial position, results of operations or liquidity.

In June 2002, the FASB issued Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred and nullifies EITF 94-3. The Company plans to adopt Statement 146 on January 1, 2003. Management believes that the adoption of this statement will not have a material effect on the Company's financial position, results of operations or liquidity.

In December 2002, the FASB issued Statement No. 148, Accounting for Stock-Based Compensation, Transition and Disclosure. Statement 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for employee stock-based compensation and requires expanded disclosure regarding stock-based compensation in the "Summary of Significant Accounting Policies", or its equivalent, in the notes to the consolidated financial statements about the method of accounting and the effect of the method used on reported results. The disclosure provisions of this Statement are effective for financial statements issued for fiscal years ending after December 15, 2002. The Company does not expect to transition to the fair value based method of accounting for stock-based compensation. Management believes that the adoption of Statement 148 will not have a material effect on the financial

position, results of operations or liquidity of the Company.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Indebtedness of Others, which requires expanded disclosure for existing guarantees and product warranties for the year ended December 31, 2002 in addition to stipulating that at the inception of guarantees issued after December 31, 2002, a company needs to record the fair value of the guarantee as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. FIN 45 further states that the liability is typically reduced over the term of the guarantee. The Company will apply the initial recognition and measurement provisions on a prospective basis for all guarantees issued after December 31, 2002. Adoption of FIN 45 will have no impact on the Company's historical financial statements as existing guarantees are not subject to the measurement provisions of FIN 45.

In November 2002, the Emerging Issues Task Force issued EITF 00-21, Revenue Arrangements with Multiple Deliverables, which is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. This EITF addresses how to account for arrangements that may involve the delivery or performance of multiple products, services, and/or rights to use assets. The Company is currently analyzing the impact of adopting this EITF.

Fair Value of Financial Instruments - The Company's financial instruments consist of cash and short-term investments, trade receivables, accounts payable and other short-term liabilities. The carrying amounts of these financial instruments approximate their fair values.

Reclassifications - Certain amounts for previous years have been reclassified to conform with the 2002 consolidated financial statement presentation.

Three-for-Two Stock Split - The Board of Directors, at their quarterly meeting on January 28, 2003, authorized a three-for-two stock split by the issuance on March 10, 2003 of one additional common share for each two common shares held on record at February 10, 2003. Accordingly, the par value for additional shares issued was adjusted to common stock, and fractional shares resulting from the stock split were settled in cash. All share and per share data appearing in the consolidated financial statements and related notes have been retroactively adjusted for this stock split.

2. TRADE RECEIVABLES

Trade receivables, net, at December 31, 2002, totaling $47.7 million and at December 31, 2001, totaling $48.5 million are net of allowances for doubtful accounts of $5.4 million and $7.0 million, respectively. Trade receivables include installment receivable amounts, which are due subsequent to one year from the balance sheet dates. These amounts were approximately $6.4 million and $7.4 million at the end of 2002 and 2001, respectively. The carrying amount of installment receivables approximates fair value as the interest rates approximate market rates. The Allowance For Doubtful Accounts is calculated and recorded on a monthly basis, and is based on the application of percentages to delinquency aging totals for the various categories of receivables, specific consideration and current economic conditions. Bad debt write-offs occur at certain aging dates. At any given time, the Company may have immaterial amounts due from related parties, which are invoiced and settled on a regular basis. Receivables due from related parties were $64,000 as of December 31, 2002, as compared to $53,000 as of December 31, 2001.

3. EQUIPMENT AND PROPERTY

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

(In thousands)	2002	2001
Buildings	$13,118	$10,408
Operating Equipment	34,522	35,072
Furniture and Fixtures	6,601	7,703
Computer Equipment and Systems	32,544	30,723
Computer Equipment Under Capital Leases	---	2,721
	86,785	86,627
Less - Accumulated Depreciation	52,381	46,229
	34,404	40,398
Land	4,476	3,875
	$38,880	$44,273

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangibles consist primarily of goodwill and customer contracts and also includes trademarks and non-compete agreements, all related to businesses acquired. Goodwill represents the excess of the purchase price over the fair value of net assets of businesses acquired. The carrying amount of goodwill was

$72.4 million as of December 31, 2002 and 2001. Goodwill arising from acquisitions prior to November 1970 has never been amortized for financial statement purposes, since, in the opinion of Management, there has been no decrease in the value of the acquired businesses. During the years ended December 31, 2000 and 2001, the values assigned to all intangible assets, including goodwill for acquisitions completed subsequent to November 1970 and prior to June 30, 2001, were amortized on a straight-line basis over the estimated useful lives of the assets, not exceeding 40 years.

On January 1, 2002, the Company adopted FASB Statement No. 142, Goodwill and Other Intangible Assets. As of January 1, 2002, amortization of goodwill and trademarks was terminated, and instead the assets are subject to periodic testing for impairment. The Company completed an initial impairment analysis upon adoption of Statement 142 and a subsequent analysis as of September 30, 2002. Based upon the results of these analyses, the Company has concluded that no impairment of its goodwill or trademarks has occurred.

Customer contracts and non-compete agreements 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 Statement 142, the expected lives of customer contracts and non-compete agreements were reviewed, and it was determined that customer contracts should be amortized over a life of 8 to 12 1/2 years dependent upon customer type. The impact of this review in 2002 was an increase in amortization expense on customer contracts of $2.0 million. The carrying amount and accumulated amortization for customer contracts are as follows:

(In thousands)	December 31, 2002	December 31, 2001
Customer contracts	$44,963	$43,177
Less: accumulated amortization	(13,036)	(8,008)
	$31,927	$35,169

Had the Company adopted the provisions of Statement 142 as of January 1, 2000, the effects on net income would have been as follows:
<TABLE>
<CAPTION>

(In thousands)	Year ended December 31, 2002	2001	2000
<S>	<C>	<C>	<C>
Net income (as reported)	$27,110	$16,942	$ 9,550
Effect of ceasing goodwill amortization	---	2,219	2,094
Effect of change in customer contract lives	---	(2,005)	(2,126)
Pro forma net income	$27,110	$17,156	$ 9,518
Pro forma basic net income per share	$0.60	$0.38	$0.21
Pro forma diluted net income per share	$0.60	$0.38	$0.21

</TABLE>

Total intangible amortization expense was approximately $6.7 million in 2002, $6.6 million in 2001 and $6.8 million in 2000. Amortization of customer contracts and non-competes was approximately $6.7 million in 2002, $4.4 million in 2001 and $4.7 million in 2000 and goodwill amortization was $2.2 million in 2001 and $2.1 million in 2000. Estimated amortization expense for each of the five succeeding fiscal years is as follows:

December 31,	
2003	$5,045
2004	4,917
2005	4,826
2006	4,634
2007	4,071

5. INCOME TAXES

The primary factors causing income tax expense to be different than the federal statutory rate for 2002 and 2001 are as follows:
<TABLE>
<CAPTION>

(In thousands)	2002	2001	2000
<S>	<C>	<C>	<C>
Income taxes at statutory rate	$15,304	$ 9,564	$ 5,391
State income tax expense (net of Federal benefit)	1,719	712	885
Foreign tax expense	1,064	360	---
Other	(1,471)	(252)	(423)

	$16,616	$10,384	$ 5,853

</TABLE>

The Provision for Income Taxes was based on a 38.0% estimated effective income tax rate on Income Before Income Taxes for the years ended December 31, 2002, 2001 and 2000. The effective income tax rate differs from the annual federal statutory tax rate primarily because of state and foreign income taxes. For the year ended December 31, 2002, the Company paid income taxes of $10.9 million, net of refunds received. During 2001, the Company paid income taxes of $5.9 million, net of refunds. For 2000, the Company received a refund of income taxes paid of $2.8 million, net of current payments.

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 the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2002 and 2001 are as follows:

(In thousands)	2002	2001
Deferred tax assets:		
Termite Accrual	$17,649	$19,333
Insurance Reserves	15,945	16,198
Accrued Expenses	12,562	13,310
Compensation and Benefits	9,587	4,457
Depreciation and Amortization	4,067	5,180
Other	8,806	11,509
	68,616	69,987
Deferred tax liabilities:		
Safe Harbor Lease	(707)	(2,946)
Other	(3,468)	(6,688)
	(4,175)	(9,634)
Net deferred tax asset	$64,441	$60,353

6. ACCRUAL FOR TERMITE CONTRACTS

The Company maintains an accrual for termite contracts representing the estimated costs of reapplications, repair claims and associated labor, chemicals, and other costs relative to termite control services performed prior to the balance sheet date. The Company contracts an independent third party actuary on an annual basis to provide the Company a range of estimated liability based upon historical claims information. The actuarial study is a major consideration in determining the accrual balance along with Management's knowledge of changes in business practices, contract changes, ongoing claims and termite remediation trends. The reserve is established based on all these factors. Management makes judgments utilizing these operational factors but recognizes that they are inherently subjective due to the difficulty in predicting settlements and awards. Other factors that may impact future cost include chemical life expectancy and governmental regulation.

A reconciliation of the beginning and ending balances is as follows:

(In thousands)	2002	2001	2000
Beginning Balance	$50,875	$57,651	$69,352
Current Year Provision	21,050	17,800	13,800
Settlements, Claims and Expenditures Made During the Year	(25,479)	(24,576)	(25,501)
Ending Balance	$46,446	$50,875	$57,651

7. COMMITMENTS AND CONTINGENCIES

The Company has several operating leases expiring at various dates through 2017. The Company also had a capital lease for certain computer equipment that expired in February 2001. The minimum lease payments under non-cancelable operating leases with terms in excess of one year, in effect at December 31, 2002, are summarized as follows:

(In thousands)	
2003	$22,047
2004	15,556
2005	11,416
2006	7,027
2007	5,148
Thereafter	19,340
	$80,534

- --

Total rental expense under operating leases charged to operations was $27.4 million, $28.7 million and $29.4 million for the years ended December 31, 2002, 2001 and 2000, respectively.

The Company maintains a credit facility with a bank that allows it to borrow up to $40.0 million on an unsecured basis at the bank's prime rate of interest or the indexed London Interbank Offered Rate (LIBOR). No amount was outstanding under this credit facility as of December 31, 2002 or December 31, 2001.

Orkin, one of the Company's subsidiaries, is a named defendant in Helen Cutler and Mary Lewin v. Orkin Exterminating Company, Inc. et al. pending in the District Court of Houston County, Alabama. The plaintiffs in the above mentioned case filed suit in March of 1996 and are seeking monetary damages and injunctive relief for alleged breach of contract arising out of alleged missed or inadequate reinspections. The attorneys for the plaintiffs contend that the case is suitable for a class action and the court has ruled that the plaintiffs would be permitted to pursue a class action lawsuit against Orkin. The Company believes this case to be without merit and intends to defend itself vigorously at trial. At this time, the final outcome of the litigation cannot be determined. However, it is the opinion of Management that the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Orkin is also a named defendant in Butland et al. v. Orkin Exterminating Company, Inc. et al. pending in the Circuit Court of Hillsborough County, Tampa, Florida. The plaintiffs filed suit in March of 1999 and are seeking monetary damages in excess of $15,000 for each named plaintiff and injunctive relief for alleged breach of contract, fraud and various violations of Florida state law. The Court ruled in early April 2002, certifying the class action lawsuit against Orkin. The Company has appealed this ruling to the Florida Second District Court of Appeals. Moreover, the Company believes this case to be without merit and intends to defend itself vigorously through trial, if necessary. At this time, the final outcome of the litigation cannot be determined. However, it is the opinion of Management that the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

The Company is involved in certain environmental matters primarily arising in the normal course of business. In the opinion of Management, the Company's liability under any of these matters would not materially affect its financial condition or results of operations.

Additionally, in the normal course of business, the Company is a defendant in a number of lawsuits, which allege that plaintiffs have been damaged as a result of the rendering of services by Company personnel and equipment. The Company is actively contesting these actions. It is the opinion of Management, however, that the outcome of these actions will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

8. EMPLOYEE BENEFIT PLANS

The Company maintains a noncontributory tax-qualified defined benefit retirement plan (the "Plan") covering all employees meeting certain age and service requirements. The Plan provides 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 Plan with at least the minimum amount required by ERISA. The Company made contributions of $20.0 million to the Plan in 2002. Effective January 1, 2002 the Company adopted amendments to the Plan including a change to the benefit calculation and limiting plan participation to current participants. These amendments are reflected below in the projected benefit obligation.

The funded status of the Plan and the resulting accrued pension expense are summarized as follows as of December 31:

(In thousands)	2002	2001
CHANGE IN BENEFIT OBLIGATION		
Benefit Obligation at Beginning of Year	$94,006	$85,646
Service Cost	3,825	4,794
Interest Cost	7,246	7,207
Amendments	---	(8,419)
Actuarial Loss	8,081	8,414
Benefits Paid	(3,864)	(3,636)
Benefit Obligation at End of Year	109,294	94,006
CHANGE IN PLAN ASSETS		
Fair Value of Plan Assets at Beginning of Year	76,942	74,066
Actual Return on Plan Assets	(4,365)	(638)

Employer Contribution	20,000	7,150
Benefits Paid	(3,864)	(3,636)
Fair Value of Plan Assets at End of Year	88,713	76,942
Funded Status	(20,581)	(17,064)
Unrecognized Net Actuarial Loss	42,236	23,076
Unrecognized Prior Service Benefit	(6,346)	(7,214)
Net Prepaid / (Accrued) Pension Expense	$15,309	$ (1,202)

In accordance with pension accounting requirements, the Company recorded a minimum liability totaling $10.8 million and $7.4 million as of December 31, 2002 and 2001, respectively. These amounts represent the differences between the actuarially calculated accumulated benefit obligation and the fair value of the plan assets.

The weighted-average assumptions as of December 31 were as follows:

	2002	2001
Discount Rate	6.875%	7.375%
Expected Return on Plan Assets	8.000%	8.500%
Rate of Compensation Increase	3.875%	4.375%

The components of net periodic benefit cost for the past three years are summarized as follows:

(In thousands)	2002	2001	2000
Service Cost	$3,825	$4,794	$4,097
Interest Cost	7,246	7,207	6,307
Expected Return on Plan Assets	(7,553)	(7,458)	(6,494)
Net Amortizations:			
Amortization of Net Loss	838	62	---
Amortization of Net Prior Service Benefit	(868)	(75)	(82)
Net Periodic Benefit Cost	$3,488	$4,530	$3,828

At December 31, 2002 and 2001, the Plan's assets were comprised of listed common stocks and U.S. government and corporate securities. Included in the assets of the Plan were shares of Rollins, Inc. Common Stock with a market value of $7.7 million and $6.1 million at December 31, 2002 and 2001, respectively.

The Company sponsors a deferred compensation 401(k) plan that is available to substantially all employees with six months of service. The plan provides for a matching contribution (made in the form of Common Stock of the Company) of thirty cents ($.30) for each one dollar ($1.00) of a participant's contributions to the plan that do not exceed 6 percent of his or her annual compensation (which includes commissions, overtime and bonuses). The Company match percentage increased by 20% in 2002. The charges to expense for the Company match were approximately $2.3 million in 2002, $2.0 million in 2001 and $2.1 million in 2000. At December 31, 2002 and 2001 approximately 22.9% and 17%, respectively of the plan assets consisted of Rollins, Inc. Common Stock. Total administrative fees for the plan were approximately $278,500 in 2002, $308,000 in 2001 and $228,000 in 2000.

The Company has two Employee Incentive Stock Option Plans, the first adopted in January 1994 (the "1994 Plan") and the second adopted in April 1998 (the "1998 Plan") as a supplement to the 1994 Plan. An aggregate of 4.5 million shares of Common Stock may be granted under various stock incentive programs sponsored by these plans, at a price not less than the market value of the underlying stock on the date of grant. Options may be issued under the 1994 Plan and the 1998 Plan through January 2004 and April 2008, respectively. The majority of options expire ten years from the date of grant, if not exercised, and vest 20% each year over 5 years.

Options are also outstanding under a prior Employee Incentive Stock Option Plan (the "1984 Plan"). Under this plan, 1.8 million shares of Common Stock were subject to options granted during the ten-year period ended October 1994. The options were granted at the fair market value of the shares on the date of grant and expire ten years from the date of grant, if not exercised. No additional options will be granted under the 1984 Plan.

Option transactions during the last three years for the 1984, 1994 and 1998 plans are summarized as follows:

	2002	2001	2000
Number of Shares Under Stock Options:			
Outstanding at Beginning of Year	2,465,250	2,753,160	2,649,261

Granted	1,168,500	258,750	296,250
Exercised	(67,666)	(6,075)	(2,676)
Cancelled	(245,700)	(540,585)	(189,675)
Outstanding at End of Year	3,320,384	2,465,250	2,753,160
Exercisable at End of Year	1,478,252	1,082,070	821,220
Weighted-Average Exercise Price:			
Granted	$ 12.85	$ 12.17	$ 9.83
Exercised	10.45	8.83	8.83
Cancelled	12.15	13.05	11.22
Outstanding at End of Year	12.43	12.16	12.05
Exercisable at End of Year	12.47	12.60	12.73

Information with respect to options outstanding and options exercisable at December 31, 2002 is as follows:
<TABLE>
<CAPTION>

Exercise Price	Number Outstanding	Average Remaining Contractual Life (In Years)	Number Exercisable
<S>	<C>	<C>	<C>
$17.00	2,100	0.08	2,100
18.92	83,100	1.08	61,650
16.17	6,000	2.08	3,600
13.92	25,500	3.08	15,300
12.83	129,600	4.08	104,100
13.13	798,750	5.33	627,000
10.88	775,094	6.08	465,056
9.83	166,740	7.08	66,696
12.17	213,750	8.08	42,750
12.77	669,750	9.08	---
12.77	372,000	4.08	74,400
14.04	78,000	4.08	15,600
	3,320,384		1,478,252

</TABLE>

The Company accounts for its 1984, 1994 and 1998 plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.
<TABLE>
<CAPTION>

	Year Ended December 31,		
(In thousands, except per share data)	2002	2001	2000
<S>	<C>	<C>	<C>
Net income, as reported	$27,110	$16,942	$9,550
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,853)	(1,508)	(1,392)
Pro forma net income	$25,257	$15,434	$8,158
Earnings per share:			
Basic-as reported	$0.60	$0.37	$0.21
Basic-pro forma	$0.56	$0.34	$0.18
Diluted-as reported	$0.60	$0.37	$0.21
Diluted-pro forma	$0.56	$0.34	$0.18

</TABLE>

The per share weighted-average fair value of stock options granted during 2002, 2001, and 2000 was $2.53, $3.57, and $3.67, respectively, on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2002	2001	2000
Risk-Free Interest Rate	3.98%	5.10%	6.90%
Expected Life, in Years	Range from 4 to 8	8	8
Expected Volatility	12.50%	15.76%	20.66%
Expected Dividend Yield	1.04%	1.10%	1.25%

9. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

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

	Minimum Pension Liability	Foreign Translation Currency	Total
Balance at December 31, 2000	$ ---	$ ---	$ ---
Change during 2001:			
Before-tax amount	(6,212)	(1,192)	(7,404)
Tax benefit	2,165	417	2,582
	(4,047)	$ (775)	(4,822)
Balance at December 31, 2001	$ (4,047)	$ (775)	$ (4,822)
Change during 2002:			
Before-tax amount	(19,867)	14	(19,881)
Tax benefit (expense)	7,732	(4)	7,736
	(12,135)	10	(12,125)
Balance at December 31, 2002	$(16,182)	$ (765)	$(16,947)

10. RELATED PARTY TRANSACTIONS At the Company's October 22, 2002 Board of Directors' meeting, the independent directors of the Board of Directors' and the Audit Committee approved three related party transactions. The Audit Committee and the independent directors were furnished with full disclosure of the transactions, including independent appraisals, and determined that the terms of each transaction were reasonable and fair to the Company. The first approval was the purchase of the Rollins Training Center on October 31, 2002 for $3.1 million from RTC, LLC, a company controlled by R. Randall Rollins, Chairman of the Board of Rollins, Inc. The second approval was the purchase of hand-held computer software development known as PowerTrak Version 1.0 from RRR Associates, a company controlled by R. Randall Rollins. The purchase was made during the fourth quarter at an approved purchase price of $250,000. The third approval was a lease agreement effective July 1, 2002 that expires June 30, 2007 for company real estate in Okeechobee County, Florida to be leased to Rollins Ranch, a division of LOR, Inc., a company controlled by R. Randall Rollins and Gary W. Rollins, Chief Executive Officer, President and Chief Operating Officer of Rollins, Inc. The annual lease rate on this real estate is $131,939. It is the opinion of Management that these related party transactions were reasonable and fair to the Company and will not have a material effect on the Company's financial position, results of operations or liquidity.

At the Company's January 28, 2003 Board of Directors' meeting, the independent directors of the Board of Directors' and the Audit Committee approved four related party transactions. The Audit Committee and the independent directors were furnished with full disclosure of the transactions, including independent appraisals, and determined that the terms of each transaction were reasonable and fair to the Company and will not have a material effect on the Company's financial position, results of operations or liquidity. The first approval was the ratification of the current arrangement between Rollins, Inc. and LOR, Inc., a company controlled by R. Randall Rollins and Gary W. Rollins, related to sharing the aviation hangar located at the Dekalb-Peachtree Airport as well the usage of the Jetstar II, owned by Rollins, Inc., and Gulfstream III, owned by LOR, Inc. LOR, Inc. leases half of the hangar from Rollins, Inc. for a total annual lease amount of $13,655. This lease expires on January 24, 2008. The hangar currently houses three airplanes, two of which are not owned by Rollins, Inc. and reside on the portion of the hangar leased by LOR, Inc. All other expenses related to the hangar are also shared equally by Rollins, Inc. and LOR, Inc. Total expenses for 2002 were approximately $114,000, which includes rental, utilities, maintenance and repairs, depreciation, property tax and miscellaneous expense. The Jetstar II and Gulfstream III are used by both Rollins, Inc. and LOR, Inc. and are billed on a monthly basis. The Gulfstream III is charged at a rate of $12,750 per month while the Jetstar II is charged at a rate of $5,250 per month. All expenses related to each respective aircraft are paid for by the owner of each aircraft, except for fuel. Fuel is paid for by Rollins, Inc. and billed monthly to the company using the aircraft. Additionally, Mr. R. Randall Rollins and Mr. Gary W. Rollins use the Jetstar II for personal use and are billed for its use at the rate of $1,000 per hour, which approximates the fuel cost. The total hourly usage for 2002 was approximately 6 hours or $6,000. The Company on occasion uses the Gulfstream III and is also billed for its use at a rate of $1,000 per hour, which approximates the fuel cost. The second approval was the ratification of the arrangement concerning the rental of office space to LOR, Inc. located at 2170 Piedmont Road N.E., Atlanta, Georgia 30324. The property located at 2170 Piedmont Road is owned by Rollins Continental, Inc. a wholly owned subsidiary of Rollins, Inc. Currently LOR, Inc. occupies approximately 3,580 square feet of office space in the building located at 2170 Piedmont Road. The annual rental

rate is $39,029. The third approval was the ratification of the arrangement concerning the rental of office space to LOR, Inc. located at 710 Lakeshore Circle, Atlanta, Georgia 30324. The property located at 710 Lakeshore Circle is also owned by Rollins Continental, Inc. Currently LOR, Inc. occupies approximately 3,344 square feet of office space in the building located at 710 Lakeshore Circle. The annual rental rate is $40,800. The fourth approval was the ratification of the current arrangement related to the payment of fees for the services of a programmer/analyst that was employed by LOR, Inc. but has become employed by Rollins, Inc. in the first quarter of 2003. The programmer/analyst is being used to further develop the PowerTrak Version 1.0 hand-held computer software purchased in the fourth quarter of 2002 (as discussed in the above paragraph). The hourly wage paid to LOR, Inc. was $32 per hour, which equated to $66,560 per year, including overhead. It is the opinion of Management that these related party transactions were reasonable and fair to the Company and will not have a material effect on the Company's financial position, results of operations or liquidity.

Employees of Rollins, Inc. confer with employees of LOR, Inc. and RRR Associates and vice versa. No fees are charged for these services because in the opinion of management the activity is mutually beneficial and offsetting.

11. UNAUDITED QUARTERLY DATA

All earnings per share data have been restated for the three-for-two stock split.

<TABLE>
<CAPTION>
PROFIT AND LOSS INFORMATION

(In thousands except per share data)	First	Second	Third	Fourth
2002				
<S>	<C>	<C>	<C>	<C>
Revenues	$153,302	$184,189	$174,063	$153,871
Net Income	4,940	11,691	6,754	3,725
Earnings per Share - Basic and Diluted	0.11	0.26	0.15	0.08
2001				
Revenues	$150,280	$180,731	$169,223	$149,691
Net Income	2,021	9,038	4,268	1,615
Earnings per Share - Basic and Diluted	0.04	0.20	0.09	0.04
2000				
Revenues	$148,926	$179,736	$171,690	$146,526
Net Income (Loss)	794	8,102	2,363	(1,709)
Earnings (Loss) per Share - Basic and Diluted	0.02	0.18	0.05	(0.04)

</TABLE>

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

On July 23, 2002 Rollins, Inc. ("Rollins") voted to dismiss its independent accountants, Arthur Andersen LLP ("Andersen"), and to engage the services of Ernst & Young LLP ("Ernst & Young") to serve as its new independent accountants, effective immediately. This determination followed Rollins' decision to seek proposals from independent accountants to audit Rollins' financial statements for the fiscal year ending December 31, 2002. The decision to dismiss Andersen and to engage the services of Ernst & Young was approved by Rollins' Board of Directors upon the recommendation of its Audit Committee.

During Rollins' two most recent fiscal years ended December 31, 2001 and 2000, and through the date of the Form 8-K filed on July 23, 2002, there were no disagreements between Rollins and Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to Andersen's satisfaction would have caused them to make reference to the subject matter of the disagreement in connection with their reports.

None of the reportable events described under Item 304(a)(1)(v) of Regulation S-K occurred within Rollins' two most recent fiscal years ended December 31, 2001 and 2000, or through the date of the Form 8-K filed on July 23, 2002.

The audit reports of Andersen on the consolidated financial statements of Rollins and subsidiaries as of and for the two fiscal years ended December 31, 2001 and 2000 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

As required under Securities and Exchange Commission regulations, Rollins provided Andersen with a copy of the foregoing disclosures and requested that Andersen furnish Rollins with a letter addressed to the Commission stating whether it agrees with the statements by Rollins in this disclosure and, if not, stating the respects in which it does not agree. Although reasonable efforts have been made by Rollins, it has been unable to obtain such a letter from Andersen. Rollins therefore relied on temporary Item 304T(2) of Regulation S-K in filing its report on Form 8-K.

During Rollins' two most recent fiscal years ended December 31, 2001 and 2000, and through the date of the Form 8-K filed on July 23, 2002, Rollins did not consult with Ernst & Young with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Rollins' consolidated financial statements, or regarding any other matters or reportable events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information under the captions "Election of Directors" in "Section 16(a) Beneficial Ownership Reporting Compliance" included in the Proxy Statement for the Annual Meeting of Stockholders to be held April 22, 2003 is incorporated herein by reference. Additional information concerning executive officers is included in Part I, Item 4.A. of this Form 10-K.

Item 11. Executive Compensation.

The information under the caption "Executive Compensation" included in the Proxy Statement for the Annual Meeting of Stockholders to be held April 22, 2003 is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information under the captions "Capital Stock", "Election of Directors" and "Equity Compensation Plan Information" included in the Proxy Statement for the Annual Meeting of Stockholders to be held April 22, 2003 is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information under the caption "Compensation Committee Interlocks and Insider Participation" included in the Proxy Statement for the Annual Meeting of Stockholders to be held April 22, 2003 is incorporated herein by reference.

Item 14. Controls and Procedures.

Under the supervision and with the participation of our Management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in rules 13a-14(c) and 15d -14(c) under the Securities Exchange Act of 1934, within 90 days of the filing date of this report (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission ("SEC") reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to Rollins, Inc., including our consolidated subsidiaries, and was made known to them by others within those entities, particularly during the period when this report was being prepared.

In addition, there were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date. We have not identified any significant deficiency or material weaknesses in our internal controls, and therefore there were no corrective actions taken.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(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. 1984 Employee Incentive Stock Option Plan is incorporated herein by reference to Exhibit 10 as filed with its Form 10-K for the year ended December 31, 1996.

(10) (b) Rollins, Inc. 1994 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit (10)(b) as filed with its Form 10-K for the year ended December 31, 1999.

(10) (c) Rollins, Inc. 1998 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit A of the March 24, 1998 Proxy Statement for the Annual Meeting of Stockholders held on April 28, 1998.

(10) (d) Lease Agreement dated July 1, 2002 between Rollins Continental, Inc. and Rollins Ranch, a division of LOR, Inc. incorporated herein by reference as filed with its Form 10-Q for the quarter ended September 30, 2002 filed on November 14, 2002.

(10) (e) Stock Option Agreement dated January 22, 2002 for Gary W. Rollins, Chief Executive Officer, President and Chief Operating Officer.

(10) (f) Closing Statement dated October 31, 2002 between Rollins Continental, Inc. and RTC, LLC, a company controlled by R. Randall Rollins, Chairman of the Board of Rollins, Inc.

(b) Reports on Form 8-K.

1. No reports on Form 8-K were required to be filed during the fourth quarter of calendar year 2002.

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

(2)(a) Asset Purchase Agreement by and between Orkin Exterminating Company, Inc. and PRISM Integrated Sanitation Management, Inc. is incorporated herein by reference to Exhibit (2) as filed with its Form 10-Q filed on August 16, 1999.

(b) Stock Purchase Agreement as of September 30, 1999, by and among Orkin Canada, Inc., Orkin Expansion, Inc., S.C. Johnson Commercial Markets, Inc., and S.C. Johnson Professional, Inc. is incorporated herein by reference to Exhibit (2)(b) as filed with its Form 10-K for the year ended December 31, 1999.

(c) Asset Purchase Agreement as of October 19, 1999 by and between Orkin Exterminating Company, Inc., Redd Pest Control Company, Inc., and Richard L. Redd is incorporated herein by reference to Exhibit (2)(c) as filed with its Form 10-K for the year ended December 31, 1999.

(d) First Amendment to Asset Purchase Agreement dated as of December 1, 1999, by and among Orkin Exterminating Company, Inc., Redd Pest Control Company, Inc. and Richard L. Redd is incorporated herein by reference to Exhibit (2)(d) as filed with its Form 10-K for the year ended December 31, 1999.

(e) Asset Purchase Agreement, dated as of October 1, 1997, by and among Rollins, Ameritech Monitoring Services, Inc. and Ameritech Corporation is incorporated herein by reference to Exhibit 2.1 as filed with its Form 8-K Current Report filed October 16, 1997.

(3) (i) Restated Certificate of Incorporation of Rollins, Inc. is incorporated herein by reference to Exhibit (3)(i) as filed with its Form 10-K for the year ended December 31, 1997.

(ii) By-laws of Rollins, Inc. are incorporated herein by reference to Exhibit (3) (ii) as filed with its Form 10-Q for the quarterly period ended March 31, 1999.

(iii) Amendment to the By-laws of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (iii) as filed with its Form 10-Q for the quarterly period ended March 31, 2001.

(iv) Amendment to the By-laws of Rollins, Inc.

(4) Form of Common Stock Certificate of Rollins, Inc. is 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. 1984 Employee Incentive Stock Option Plan is incorporated herein by reference to Exhibit (10) as filed with its Form 10-K for the year ended December 31, 1996.

(10) (b) Rollins, Inc. 1994 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit (10)(b) as filed with its Form 10-K for the year ended December 31, 1999.

(10) (c) Rollins, Inc. 1998 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit A of the March 24, 1998 Proxy Statement for the Annual Meeting of Stockholders held on April 28, 1998.

(10) (d) Lease Agreement dated July 1, 2002 between Rollins Continental, Inc. and Rollins Ranch, a division of LOR, Inc. incorporated herein by reference as filed with its Form 10-Q for the quarter ended September 30, 2002 filed on November 14, 2002.

(10) (e) Stock Option Agreement dated January 22, 2002 for Gary W. Rollins, Chief Executive Officer, President and Chief Operating Officer.

(10) (f) Closing Statement dated October 31, 2002 between Rollins Continental, Inc. and RTC, LLC, a company controlled by R. Randall Rollins, Chairman of the Board of Rollins, Inc.

(13) Portions of the Annual Report to Stockholders for the year ended December 31, 2002, which are specifically incorporated herein by reference.

(21) Subsidiaries of Registrant.

(23) Consent of Ernst & Young LLP, Independent Auditors.

(24) Powers of Attorney for Directors.

(99.1) Certification of Periodic Financial Reports.

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
Chief Executive Officer, President and
Chief Operating Officer
(Principal Executive Officer)
Date: March 17, 2003

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
Chief Executive Officer, President
and Chief Operating Officer
(Principal Executive Officer)

By: /s/ HARRY J. CYNKUS
Harry J. Cynkus
Chief Financial Officer
and Treasurer
(Principal Financial and

Accounting Officer)

Date: March 17, 2003 Date: March 17, 2003

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
Wilton Looney, Director
Henry B. Tippie, Director
James B. Williams, Director
Bill J. Dismuke, Director

/s/ GARY W. ROLLINS

Gary W. Rollins
As Attorney-in-Fact & Director
March 17, 2003

Certifications

I, Gary W. Rollins, Chief Executive Officer, President and Chief Operating Officer of Rollins, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Rollins, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003 By: /s/ GARY W. ROLLINS

Gary W. Rollins
Chief Executive Officer,

President and Chief
Operating Officer
(Member of the Board of
Directors)

I, Harry J. Cynkus, Chief Financial Officer and Treasurer of Rollins, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Rollins, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003 By: /s/ HARRY J. CYNKUS

Harry J. Cynkus
Chief Financial Officer
and Treasurer
(Principal Financial and
Accounting Officer)

ROLLINS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE
(Item 15)

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Consolidated Statements of Financial Position	

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Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2002 19

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Report of Arthur Andersen LLP, Independent Public Auditors 46

(2) Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts 40

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

ROLLINS, INC. AND SUBSIDIARIES
SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000
(In thousands of dollars)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts(1)	Deductions (2)	Balance at End of Period
Year ended December 31, 2002					
Allowance for doubtful accounts	$ 6,973	$ 5,705	$ ---	$ 7,237	$ 5,441
Year ended December 31, 2001					
Allowance for doubtful accounts	$ 8,729	$ 5,950	$ ---	$ 7,706	$ 6,973
Year ended December 31, 2000					
Allowance for doubtful accounts	$ 4,929	$ 8,056	$ 1,850	$ 6,106	$ 8,729

NOTE: (1) Charged to Other Accounts represents beginning balances of allowances for doubtful accounts of acquired companies.

(2) Deductions represent the write-off of uncollectible receivables, net of recoveries.

ROLLINS, INC. AND SUBSIDIARIES
INDEX TO EXHIBITS

Exhibit Number
(2)(a) Asset Purchase Agreement by and between Orkin

Exterminating Company, Inc. and PRISM Integrated Sanitation Management, Inc. is incorporated herein by reference to Exhibit (2) as filed with its Form 10-Q filed on August 16, 1999.

(b) Stock Purchase Agreement as of September 30, 1999, by and among Orkin Canada, Inc., Orkin Expansion, Inc., S.C. Johnson Commercial Markets, Inc., and S.C. Johnson Professional, Inc. is incorporated herein by reference to Exhibit (2)(b) as filed with its Form 10-K for the year ended December 31, 1999.

(c) Asset Purchase Agreement as of October 19, 1999 by and between Orkin Exterminating Company, Inc., Redd Pest Control Company, Inc., and Richard L. Redd is incorporated herein by reference to Exhibit (2)(c) as filed with its Form 10-K for the year ended December 31, 1999.

(d) First Amendment to Asset Purchase Agreement dated as of December 1, 1999, by and among Orkin Exterminating Company, Inc., Redd Pest Control Company, Inc. and Richard L. Redd is incorporated herein by reference to Exhibit (2)(d) as filed with its Form 10-K for the year ended December 31, 1999.

(e) Asset Purchase Agreement, dated as of October 1, 1997, by and among Rollins, Ameritech Monitoring Services, Inc. and Ameritech Corporation is incorporated herein by reference to Exhibit 2.1 as filed with its Form 8-K Current Report filed October 16, 1997.

(f) Lease Agreement dated July 1,2002 between Rollins Continental, Inc. and Rollins Ranch, a division of LOR, Inc. is incorporated herein by reference to Exhibit (2)(f) as filed with its Form 10-Q filed on November 14, 2002.

(3) (i) Restated Certificate of Incorporation of Rollins, Inc. is incorporated herein by reference to Exhibit (3)(i) as filed with its Form 10-K for the year ended December 31, 1997.

(ii) By-laws of Rollins, Inc. are incorporated herein by reference to Exhibit (3) (ii) as filed with its Form 10-Q for the quarterly period ended March 31, 1999.

(iii) Amendment to the By-laws of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (iii) as filed with its Form 10-Q for the quarterly period ended March 31, 2001.

(iv) Amendment to the By-laws of Rollins, Inc.

(4) Form of Common Stock Certificate of Rollins, Inc. is 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. 1984 Employee Incentive Stock Option Plan is incorporated herein by reference to Exhibit (10) as filed with its Form 10-K for the year ended December 31, 1996.

(10) (b) Rollins, Inc. 1994 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit (10)(b) as filed with its Form 10-K for the year ended December 31, 1999.

(10) (c) Rollins, Inc. 1998 Employee Stock Incentive Plan is incorporated herein by reference to Exhibit A of the March 24, 1998 Proxy Statement for the Annual Meeting of Stockholders held on April 28, 1998.

(10) (d) Lease Agreement dated July 1, 2002 between Rollins Continental, Inc. and Rollins Ranch, a division of LOR, Inc. incorporated herein by reference as filed with its Form 10-Q for the quarter ended September 30, 2002 filed on November 14, 2002.

(10) (e) Stock Option Agreement dated January 22, 2002 for Gary W. Rollins, Chief Executive Officer, President and Chief Operating Officer.

(10) (f) Closing Statement dated October 31, 2002 between Rollins Continental, Inc. and RTC, LLC, a company controlled by R. Randall Rollins, Chairman of the Board of Rollins, Inc.

(13) Portions of the Annual Report to Stockholders for the year ended December 31, 2002, which are specifically incorporated herein by reference.

(21) Subsidiaries of Registrant.

(23) Consent of Ernst & Young LLP, Independent Auditors.

(24) Powers of Attorney for Directors.

(99.1) Certification of Periodic Financial Reports.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Stockholders of Rollins, Inc.:

The management of Rollins, Inc. is responsible for the integrity and objectivity of the consolidated financial statements and other financial information presented in this report. These statements have been prepared in conformity with accounting principles generally accepted in the United States consistently applied and include amounts based on the best estimates and judgments of management.

Rollins maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded against loss or unauthorized use and that the financial records are adequate and can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States. The internal control system is augmented by written policies and procedures, an internal audit program and the selection and training of qualified personnel. This system includes policies that require adherence to ethical business standards and compliance with all applicable laws and regulations.

The consolidated financial statements for the year ended December 31, 2002, have been audited by Ernst & Young LLP, independent auditors, and the financial statements for the years ended December 31, 2001 and 2000 have been audited by other auditors. In connection with its audit, Ernst & Young develops and maintains an understanding of Rollins' accounting and financial controls and conducts tests of Rollin's accounting systems and other related procedures as it considers necessary to render an opinion on the financial statements.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with Rollins' management, internal auditors and independent auditors to review matters relating to the quality of financial reporting and internal accounting controls, and the independent nature, extent and results of the audit effort. The Committee recommends to the Board appointment of the independent auditors. Both the internal auditors and the independent auditors have access to the Audit Committee, with or without the presence of management.

/s/ GARY W. ROLLINS	/s/ HARRY J. CYNKUS
Gary W. Rollins	Harry J. Cynkus
Chief Executive Officer, President and	Chief Financial Officer
Chief Operating Officer	and Treasurer

Atlanta, Georgia
February 15, 2003

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Rollins, Inc.

We have audited the accompanying consolidated statement of financial position of Rollins, Inc. and Subsidiaries as of December 31, 2002, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended. Our audit also included the financial statement schedule for the year ended December 31, 2002, listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit. The consolidated financial statements and schedule of Rollins, Inc. and Subsidiaries as of December 31, 2001, and for the two years then ended, were audited by other auditors who have ceased operations and whose report dated February 15, 2002 expressed an unqualified opinion on those statements and schedule before the restatement adjustments described in Notes 1, 4, 5 and 6.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,

evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rollins, Inc. and Subsidiaries at December 31, 2002, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule for the year ended December 31, 2002, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed above, the consolidated financial statements and schedule of Rollins, Inc. and Subsidiaries as of December 31, 2001 and for the two years then ended were audited by other auditors who have ceased operations. As described in Note 1, on January 28, 2003 the Company's board of directors approved a 3-for-2 stock split, and all references to number of shares and per share information in the consolidated financial statements have been adjusted to reflect the stock split on a retroactive basis. We audited the adjustments that were applied to restate the number of shares and per share information reflected in the 2001 and 2000 consolidated financial statements. Our procedures included (a) agreeing the authorization for the 3-for-2 stock split to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the restated number of shares, earnings per share, common stock stated at par value and other applicable disclosures such as stock options. Also as discussed in Note 4, the consolidated financial statements of Rollins, Inc. and Subsidiaries as of December 31, 2001 and for the two years then ended have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangibles, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 4 with respect to 2001 and 2000 included (a) agreeing the previously reported net income to the previously issued financial statements, (b) agreeing the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill that is no longer being amortized as a result of initially applying Statement No. 142 (including any related tax effects) to the Company's underlying records obtained from management, (c) agreeing all 2001 separate asset and accumulated amortization balances as disclosed for individual intangibles to the Company's underlying accounting records obtained from management, (d) agreeing all 2001 and 2000 amortization expense disclosures to the Company's underlying accounting records obtained from management and (e) testing the mathematical accuracy of the reconciliation of pro forma net income to reported net income. Also as discussed in Note 6, the consolidated financial statements of Rollins, Inc. and Subsidiaries as of December 31, 2001 and for the two years then ended have been revised to include the transitional

disclosures required by FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Indebtedness of Others, which were adopted by the Company as of December 31, 2002. Our audit procedures with respect to the disclosures in Note 6 with respect to 2001 and 2000 included (a) agreeing the previously reported beginning and ending balances of the accrual for termite contracts to the previously issued financial statements and (b) agreeing the provisions and settlements, claims and expenditures made during the year to the Company's underlying records obtained from management. The disclosures in Note 5 of the consolidated financial statements of Rollins, Inc. and Subsidiaries as of December 31, 2001 and for the two years then ended have been revised to disclose additional detail with respect to certain components of deferred income tax amounts. Our audit procedures with respect to the disclosures in Note 5 with respect to 2001 included agreeing the components of deferred tax amounts to the Company's underlying records obtained from management. In our opinion, such adjustments and disclosures are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 consolidated financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 consolidated financial statements taken as a whole.

/s/ Ernst & Young LLP
- ----------------------
Ernst & Young LLP

Atlanta, Georgia
February 24, 2003

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Rollins, Inc.:

We have audited the accompanying statements of financial position of Rollins, Inc. (a Delaware Corporation) and subsidiaries as of December 31, 2001 and 2000 and the related statements of income, changes in stockholder equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements and the schedule referred to below are the responsibility of the Company's Management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rollins, Inc. and subsidiaries as of December 31, 2001 and 2000 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule listed in Item 14 is the responsibility of the Company's Management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Atlanta, Georgia
February 15, 2002

NOTE: THIS IS A COPY OF A REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP, OUR FORMER INDEPENDENT ACCOUNTANTS. THIS REPORT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP IN CONNECTION WITH THE FILING OF THE FORM 10-K.

Exhibit 3(iv)

AMENDMENT TO THE BY-LAWS OF ROLLINS, INC.
ADOPTED ON JANUARY 28, 2003

The following TWENTY-SEVENTH Section is hereby added to the Revised By-Laws dated July 26, 1988.

NON-DISCRIMINATION STATEMENT

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

Exhibit 10e

STOCK OPTION AGREEMENT

STOCK OPTION AGREEMENT made as of the 22nd day of January, 2002 (the "Grant Date"), between Rollins, Inc., a Delaware corporation (hereinafter called the "Company"), and Gary W. Rollins, an employee of the Company or one or more of its subsidiaries (hereinafter called the "Employee").

WHEREAS, the Company desires to afford the Employee an opportunity to purchase shares of its Common Stock, par value $1.00 per share (hereinafter called the "Common Stock"), pursuant to the terms and provisions of the Company's 1998 Employee Stock Incentive Plan (hereinafter called the "Plan"), as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and Employee's employment by the Company, the parties hereto agree as follows:

1. THE PLAN. This Option Agreement is made pursuant to and in accordance with the terms and provisions of the Plan. Anything in this Option Agreement to the contrary notwithstanding, the terms and provisions of the Plan, all of which are hereby incorporated herein by reference, shall be controlling in the event of any inconsistency herewith.

2. GRANT OF OPTION. The Company hereby irrevocably grants to the Employee the right and option (hereinafter called the "Option"), to purchase all or any part of an aggregate of 200,000 shares of Common Stock (subject to adjustment as provided in Paragraph 8 hereof), on the terms and conditions hereinafter set forth.

3. PURCHASE PRICE. The purchase price of the shares of Common Stock covered by 174,000 shares of Non-qualified Stock Options shall be $19.15 per share, which amounts are at least 100% of fair market value of such shares at the date hereof, determined in accordance with the Plan, and the 26,000 regular Incentive Stock Options shall be $21.065 (or 110% of fair market value of such shares at the date hereof, as Employee owns more than 10% of the voting stock of the Company).

4. VESTING. On the date of grant, January 22, 2002, the options became exercisable as follows:

Incentive Stock Options at $21.065
- ----------------------------------

With respect to 5,200 shares, on or after January 22, 2002;
With respect to 5,200 shares, on or after January 22, 2003;
With respect to 5,200 shares, on or after January 22, 2004;
With respect to 5,200 shares, on or after January 22, 2005; and
With respect to 5,200 shares, on or after January 22, 2006.

Non-qualified Stock Options at $19.15
- -------------------------------------

With respect to 34,800 shares, on or after January 22, 2002;
With respect to 34,800 shares, on or after January 22, 2003;
With respect to 34,800 shares, on or after January 22, 2004;
With respect to 34,800 shares, on or after January 22, 2005; and
With respect to 34,800 shares, on or after January 22, 2006.

5. TERM OF OPTION. To the extent vested pursuant to Section 4, each portion of the Option shall remain exercisable through the period ending five (5) years after the date of grant, subject to earlier termination as provided in Section 8 hereof.

6. ADMINISTRATION. Unless administration of the Plan is assumed by the Board of Directors of the Company, the Plan shall be administered by a committee of the Board of Directors of the Company, hereinafter referred to as the "Committee". The Committee is authorized and empowered to administer and interpret the Plan and this Option Agreement. Any interpretations of this Option Agreement or of the Plan made by the Committee shall be final and binding upon the parties hereto.

7. NON-TRANSFERABILITY. The Option shall not be assignable nor transferable except by will or by the laws of descent and distribution and shall not be subject to execution, attachment or other process. Except as set forth in the Plan, during the lifetime of the Employee, the Option shall be exercisable only by the Employee. After the death of the Employee, the Option may be exercised prior to its termination as set forth in Section 8(b) hereof. Employee hereby agrees to retain ownership of, and to refrain from transferring, all shares of Common Stock obtained upon exercise of the Option for a period of one year after the date on which such Common Stock is obtained pursuant to the exercise of the Option; provided, however, that such one year transfer restriction shall be rescinded and shall no longer have any applicability following Employee's death, Normal Retirement (as defined in the Plan) or permanent disability (as determined by the Committee in accordance with the Plan). The Company may, at its discretion, place a legend to such effect on the certificates representing

the shares of Common Stock obtained upon exercise of the option and issue appropriate stop transfer instructions to the Company's transfer agent.

8. TERMINATION. The Option may not be exercised by the Employee unless he/she, at the time of the exercise, shall have been in the continuous employ of the Company or a subsidiary thereof, in a position of equivalent or greater responsibility as on the Grant Date, except as follows:

(a) If, prior to the expiration of the Option, Employee's employment terminates by reason of permanent disability (as determined by the Committee in accordance with the Plan), Employee or his/her guardian may exercise the Option through the earlier of (i) such date of expiration, or (ii) one year after the date of termination of employment, to the extent that the Option was exercisable at the date of termination of employment.

(b) If Employee dies while in the employ of the Company or a subsidiary without having fully exercised the Option, the Option may be exercised prior to its expiration and within six (6) months of the date of death, to the extent the Option was exercisable at the date of death,
by the legal representative of the
estate or by the legatee of the Employee under the Employee's will.

(c) If, prior to the expiration of the Option, Employee's employment terminates by reason of Normal or Early Retirement (as defined in the Plan), Employee may exercise the Option through the earlier of (i) such date of expiration, or (ii) one day less than three months after the Retirement date, to the extent the Option was exercisable at such Retirement date.

The termination of employment of an Employee for any reason shall not accelerate or otherwise affect the number of shares with respect to which the Option may be exercised.

9. CHANGE IN CAPITALIZATION. In general, if the Company is merged into or consolidated with another corporation under circumstances in which the Company is not the surviving corporation, or if the Company is liquidated, or sells or otherwise disposes of substantially all of its assets to another corporation (any such merger, consolidation, etc. being hereinafter referred to as a "Non-Acquiring Transaction") while the Option is outstanding under the Plan, after the effective date of a Non-Acquiring Transaction Employee shall be entitled, upon exercise of the Option, to receive such stock or other securities as the holders of the same class of stock as those shares subject to the Option shall be entitled to receive in such Non-Acquiring Transaction based upon the agreed upon conversion ratio or per share distribution. However, in the discretion of the Board of Directors, any limitations on exercisability of the Option may be waived so that the Option, from and after a date prior to the effective date of such Non-Acquiring Transaction, shall be exercisable in full. Furthermore, in the discretion of the Board of Directors, the right to exercise may be given to Employee during a 30-day period preceding the effective date of such Non-Acquiring Transaction. If the Option is not exercised within such 30-day period it may be cancelled by the Board of Directors as of the effective date of any such Non-Acquiring Transaction. To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Board of Directors, whose determination in that respect shall be final, binding and conclusive. The Committee need not treat other optionees and/or options in the same manner as Employee and the Option are treated. In no case shall the Company be required to sell a fractional share of Common Stock, and the total adjustment as set forth above shall be limited accordingly.

10. METHOD OF EXERCISING THE OPTION. Subject to the vesting provisions of Section 4 hereof, the Employee may exercise the Option in full or in part by written notice to the Company, delivered in person to the Treasurer of the Company or mailed, by registered mail, return receipt requested, to the Company's principal office at Atlanta, Georgia, attention of the Treasurer of the Company; provided, however, that if exercised in part, the Option may not be exercised for fewer than 100 shares, unless the remaining balance of the Option is less than 100 shares, in which case the Option may be exercised for the remaining balance. The written notice shall state the Employee's intention to exercise the Option and the number of shares in respect to which it is being exercised and shall be signed by the Employee or a legatee or personal representative of the Employee, as applicable. Such notice shall be accompanied by payment of the full purchase price of the shares, and instructions shall be given as to the address to which the stock certificates shall be mailed. The purchase price for the shares as to which the Option shall

be exercised from time to time shall be paid in full in cash and/or unrestricted shares of Common Stock already owned by the optionee for a period of at least six months, based, in each case, on the Fair Market Value (as defined in the Plan) of the shares on the date the Option is exercised, unless it shall be determined by the Committee, at any time hereafter, in its sole discretion, that unrestricted shares of Common Stock are not a permissible form of payment with respect to the Option. No shares may be purchased if the Employee is not at the time of exercise in the employ of the Company, or a subsidiary, except as provided in Section 8.

11. REQUIREMENT OF LAW. If any law, regulation of the Securities and

Exchange Commission, or any regulation of any other commission or agency having jurisdiction shall require the Company or the Employee to take any action with respect to the shares of Common Stock acquired by the exercise of the Option, then the date upon which the Company shall deliver or cause to be delivered the certificate or certificates for the shares of Common Stock shall be postponed until full compliance has been made with all such requirements or law or regulations. Further, at or before the time of the delivery of the shares with respect to which exercise of the Option has been made, the Employee shall, if requested by the Company, deliver to the Company his/her written statement that he/she intends to hold the shares so acquired by him on exercise of the Option for investment and not with a view to resale or other distribution thereof to the public. Further, in the event the Company shall determine that, in compliance with the Securities Act of 1933, as amended, or other applicable statute or regulation, it is necessary to register any of the shares of Common Stock with respect to which an exercise of the Option has been made, or to qualify any such shares for exemption from any of the requirements of the Securities Act of 1933, as amended, or other applicable statute or regulations, then the Company shall take such action at its own expense, but not until such action has been completed shall the Option shares be delivered to the Employee.

12. NO EFFECT ON EMPLOYMENT. Nothing herein shall be construed to grant Employee the right to continued employment with the Company, to limit or restrict the right of the Company or any of its subsidiaries to terminate an Employee's employment at any time, with or without cause, or to increase or decrease the compensation of the Employee from the rate in existence at the date hereof.

13. INCENTIVE STOCK OPTION. Portions of the Option granted hereunder may have been designated as an "Incentive Stock Option" pursuant to Section 422 of the Code (as defined in the Plan); provided, however, that to the extent that the Option fails for any reason to comply with the provisions of Section 422, it shall be treated as a Non-Qualified Stock Option (as defined in the Plan). The Company shall have no liability whatsoever to Employee in the event the Option fails for any reason to satisfy the requirements for Incentive Stock Options set forth in Section 422.

14. GOVERNING LAW. This Agreement and all awards made and actions taken hereunder shall be governed by and construed in accordance with the Delaware General Corporation Law, to the extent applicable, and in accordance with the laws of the State of Georgia in all other respects.

IN WITNESS WHEREOF, the Company has caused this Stock Option Agreement to be duly executed by an authorized officer, and the Employee has hereunto set his/her hand and seal, all as of the day and year first above written.

ROLLINS, INC.

By:/s/ Harry J. Cynkus

Its: Chief Financial Officer

/s/Gary W. Rollins

Employee

Exhibit 10f

CLOSING STATEMENT

Seller:	RTC LLC, a Georgia limited liability company
Purchaser:	ROLLINS CONTINENTAL, INC., a New York corporation
Property:	2546-2570 Northeast Expressway, Atlanta, Georgia, consisting of Approx. 4.000 Acres, located in Land Lots 205 and 234, 18th District, DeKalb County, Georgia (the "Property")
Purchase Price:	$3,050,000.00
Closing Agent:	Arnall Golden & Gregory, LLP
Closing Date:	As of October 31, 2002

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I. Adjustments and Prorations

Purchase Price:		$	3,050,000.00
Plus	Purchaser's share of 2002 DeKalb County taxes (See Schedule A)		
	Real Estate Taxes	$	4,913.55
	Personal Property Taxes	$	184.22
Less	Security Deposits under the Leases as shown on Schedule B	$	<9,887.17>
Less	Purchaser's share of the rent due under the Leases as Described on Schedule C	$	<3,987.88>
NET AMOUNT DUE SELLERS FROM PURCHASER		$	3,041,222.72

....

II. Sellers' Accounts

Net Amount Due Seller from Purchaser		$	3,041,222.72
Less	Disbursements on Behalf of Seller:		
1.	DeKalb County Tax Commissioner Real Estate - Tax Parcels 18-205-4-1 and 18-234-1-18	$	<14,701.28>
2.	DeKalb County Tax Commissioner Personal Property Taxes for Orkin Training Center c/o RTC LLC - Acct. # 4298142	$	<551.97>
NET CASH DUE SELLER AT CLOSING [to be wire transferred per Par. 3 of Sec. IV]		$	3,025,969.47

****

III. Purchaser's Account

Net Amount Due Seller from Purchaser		$	3,041,222.72
Plus	Disbursements on behalf of Purchaser:		
1.	Estimated recording costs payable to Clerk, DeKalb County Superior Court	$	40.00
2.	Georgia Transfer Tax payable to Clerk, DeKalb Superior Court	$	3,050.00
2.	Slutzky, Wolfe & Bailey Title Premium, Fees and Expenses	$	3,614.00
3.	Legal Fees to Arnall Golden & Gregory, LLP	$	3,000.00

4. Survey expenses to Tate Engineering and Surveying, Inc. (Est.) $ 1,000.00

NET CASH DUE FROM PURCHASER AT CLOSING [to be wire transferred to Closing Agent per Par. 2 of Sec. IV hereof] $ 3,051,926.72

****

IV. Agreement of Parties

1. The parties hereto each agree and acknowledge that they have each reviewed and approved the adjustments, prorations and disbursements shown herein. The parties acknowledge that certain amounts set forth above are estimates based on previous billings or are subject to adjustment in the future. The parties hereto agree to adjust any of the amounts set forth on this Closing Statement if and when any and all corrected and/or final bills are received and to cooperate in correcting any errors, mathematical or otherwise, on this Closing Statement. Notwithstanding anything in the Agreement to the contrary, this provision shall survive the Closing in accordance with the terms of the Agreement.

2. Wire Transfer to Closing Agent. Section III requires that Total Funds are to be wired by Purchaser to the Closing Agent by wire transfer to the account set forth below. Upon receipt of these funds Closing Agent shall disburse all of said funds by either wire transfer or check to the parties listed in Sections II and III of this Closing Statement.

Amount of Wire: $3,051,926.72
Account of: Arnall Golden & Gregory Escrow Account
Bank: Bank of America
Address of Bank: 600 Peachtree Street, N.E., Suite 1100
Atlanta, Georgia 30308
Account No.: Account No. 0001023-62-960
Bank's ABA No.: ABA # 061-0000-52
FOR BENEFIT OF: RTC LLC - Sale to Rollins Continental, Inc.[Client File # 3716-1097]
Responsible Attorney:Paula A. Ball, Esq.

Instruct Bank of America to contact the following upon receipt of the funds: Keith Knoll (404)873-8126 or Erica Gassaway (404) 873-8558

3. Subject to receipt and collection at Closing of the TOTAL CASH DUE FROM PURCHASER AT CLOSING, Arnall Golden & Gregory, LLP is hereby authorized and directed to (i) make the Disbursements on Behalf of Sellers listed in Section II above at Closing, (ii) make the Disbursements on Behalf of Purchaser listed in Section III above at Closing, and (iii) wire transfer an amount to Seller equal to the NET CASH DUE SELLER AT CLOSING, as herein provided, pursuant to the following wire transfer instructions, at Closing:

Wiring Instructions for Seller:
Amount of Wire: $3,025,969.35

Bank: The Northern Trust Company
50 S. LaSalle Street
Chicago IL 60675

ABA #: 071000152

For: General Debit Incoming Trust #5186061000, Attention: Cash Processing C-1N

For further credit to: R. Randall Rollins, Acct. #26-04744

4. Possession of the Property shall be granted to the Purchaser at Closing.

5. The parties hereto agree that any prorations relating to the Oral lease agreement between RTC LLC and Rollins Continental, Inc. shall be handled outside of closing.

6. To facilitate execution, this Closing Statement may be executed in multiple counterparts. It shall not be necessary that the signatures on behalf of all parties appear on each counterpart hereof. All counterparts hereof shall collectively constitute a single agreement. Signatures delivered by means of telephonic facsimile or other electronic data transfer shall be binding upon the parties.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Closing Statement as

of the day and year first above written.

PURCHASER:

ROLLINS CONTINENTAL, INC, a
Georgia corporation

By:/s/Harry Cynkus

Harry Cynkus
Secretary-Treasurer

SELLER:

RTC LLC, a
Georgia limited liability company

By:/s/R. Randall Rollins

R. Randall Rollins
Managing Member

SCHEDULE A

Ad Valorem Property Tax Prorations

Personal Property taxes
for Tax Year 2002

Tax Parcel No.	Total	Amt. Paid	Bal. Due/Pd. at Closing
Tax Parcel 18-205-4-1 (Real Estate)	$29,384.41	$14,692.21	$14,692.21
Tax Parcel 18-234-1-18 (Real Estate)	$18.14	$9.07	$9.07
Total	$29,402.55	$14,701.28	$14,701.28

Personal Property	Total	Amt. Paid	Bal. Due/Pd. at Closing
Personal Property - Orkin Training Center c/o RTC LLC County No. 4298142	$1,103.94	$551.97	$551.97
Total Due	$1,103.94	$551.97	$551.97

Proration of Real Estate Taxes:

Total Amount of 2002 Ad valorem taxes Paid by Seller = $ 29,884.41

[$29,402.55 / 365 days = $80.55 per diem}

Purchaser's Share = $80.55 per diem x 61 days = $4,913.55

Proration of Personal Property Taxes:

Total Amount of 2002 taxes Paid by Seller = $ 1.103.94

[$1,103.94 / 365 days = $3.02 per diem}

Purchaser's Share = $3.02 per diem x 61 days = $184.22

Schedule B

List of Security Deposits

Tenant	Amount
Lamar	$ None
Crosslink Orthopedic	$ 3,470.50
Tatung Trading Co.	$ 6,416.67

Total $9,887.17

SCHEDULE C

Rent Prorations

1. (Sign Lease) - Lease between 85-X-Way, as Landlord, and Lamar Advertising Company, as successor to National Advertising Company, as Tenant, dated June 12, 1991, consisting of 14' x 48' parcel located at No. _______ N.E. Expressway, Atlanta, Georgia.

   Annual Rent paid in full prior to Closing.

   Total Annual Rent = $13,500.00

   * Purchaser's share = $15,002.22 / 365 days = $41.10 per diem x 61 days) = $2,507.10

2. Lease between Helmer Realty Associates, Inc., as Landlord, and Crosslink Orthopedic L.L.C., as Tenant, dated March 5, 1999, as amended, consisting of 6,547 square feet known as Unit/Space No. 2548-A and 2550 N.E. Expressway, Atlanta, Georgia.

   Rent is due and payable on the 15th of each month.

   Monthly Rent = $3,278.95

   * Purchaser's share = $3,278.95 / 31 days = $105.77 per diem x 14 days) = $1,480.78

3. Lease between 85X Way ("Landlord"), as landlord, and Tatung Trading Co., Inc., f/k/a Chinaware and Arts, Inc. ("Tenant"), dated November 26, 1985, as amended, consisting of 20,104 square feet known as Unit/Space No. 2546 N.E. Expressway, Atlanta, Georgia.

   No prorations applicable. Rent current through October 31, 2002

4. Lease arrangement between RTC LLC, as lessor, and Rollins Continental, Inc. as Lessee, commencing June 26, 2000 and as approved by the Board of Rollins Continental, Inc. pursuant to Proposal of Purchase of The Rollins Training Center as submitted for the approval of the Audit Committee and Board of Directors for Rollins Inc. dated October 22, 2002.

   ALL PRORATIONS BETWEEN RTC LLC AND ROLLINS CONTINENTAL, INC. ARE BEING HANDLED OUTSIDE OF CLOSING..

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* Purchaser's Share of Prorations:	Sign Lease	$2,507.10
	Crosslink Orthopedic L.L.C	$1,480.78
	TOTAL	$3,987.88

Exhibit 21

List of Subsidiaries
Rollins, Inc.

The following list sets forth the subsidiaries of Rollins, Inc. as of February 24, 2003. Each corporation whose name is indented is a wholly-owned subsidiary of the corporation next above which is not indented.

Corporation Name	State/Country of Incorporation
Orkin Exterminating Company, Inc.	Delaware
Orkin Systems, Inc.	Delaware
Dettlebach Pesticide Corporation	Georgia
Kinro Advertising Company	Delaware
Orkin Expansion, Inc.	Delaware
Orkin International, Inc.	Delaware
PCO Services, Inc.	Canada
Rollins Continental, Inc.	New York
Rollins Expansion, Inc.	Delaware
Rollins Supply, Inc.	Delaware

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-49308) pertaining to the Rollins, Inc. 1998 Employee Stock Incentive Plan, Registration Statement (Form S-8 No. 33-47528) and Registration Statement (Form S-8 No. 33-26056) both pertaining to the Rollins Retirement Account, Registration Statement (Form S-8 No. 33-52355) pertaining to the Rollins, Inc. 1994 Employee Stock Incentive Plan, and Registration Statement (Form S-8 No. 33-06404) pertaining to the Employee Incentive Stock Option Plan of our report dated February 24, 2003, with respect to the consolidated financial statements and schedule of Rollins, Inc. and Subsidiaries included in the Annual Report (Form 10-K) for the year ended December 31, 2002.

/s/ Ernst & Young LLP
- ----------------------
Ernst & Young LLP

Atlanta, Georgia
March 17, 2003

Exhibit 24

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 6th day of March, 2003.

/s/ James B. Willams

James B. Williams, Director

Witness:

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 4th day of March, 2003.

/s/ Henry B. Tippie

Henry B. Tippie, Director

Witness:

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 4th day of March, 2003.

/s/ Wilton Looney

Wilton Looney, Director

Witness:

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints R. Randall Rollins and/or Gary W. Rollins, or either of them as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 4th day of March, 2003.

/s/ Bill J. Dismuke

Bill J. Dismuke, Director

Witness:

POWER OF ATTORNEY

Know All Men by These Presents, that the undersigned constitutes and appoints Gary W. Rollins, as his true and lawful attorney-in-fact and agent in any and all capacities to sign filings by Rollins, Inc. of Form 10-K Annual Reports and any and all amendments thereto (including post-effective amendments) and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, in the capacities indicated, as of this 10th day of March, 2003.

/s/ R. Randall Rollins

R. Randall Rollins, Director

Witness:

Exhibit 99.1

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

To the best of their knowledge the undersigned hereby certify that the Annual Report on Form 10-K of Rollins, Inc. for the period ended December 31, 2002, fully complies with the requirements of Section 13(a) of The Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of Rollins, Inc.

Date: March 17, 2003

/s/ Gary W. Rollins

Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer

Date: March 17, 2003

/s/ Harry J. Cynkus

Harry J. Cynkus
Chief Financial Officer and Treasurer