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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 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 number 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
(Address of principal executive offices)

30324
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Rollins, Inc. had 30,240,685 shares of its $1 Par Value Common Stock outstanding as of July 15, 2002.

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ROLLINS, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION
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ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands except share data)

<S>	<C>	<C>	<C>
		(Unaudited) June 30, 2002	December 31, 2001
ASSETS			
	Cash and Short-Term Investments	$ 46,010	$ 8,650
	Trade Receivables, Net	53,862	48,479
	Materials and Supplies	11,596	11,895
	Deferred Income Taxes	20,138	21,044
	Other Current Assets	8,131	10,415
	Current Assets	139,737	100,483
	Equipment and Property, Net	41,318	44,273
	Goodwill and Other Intangible Assets, Net	110,515	112,450
	Deferred Income Taxes	37,751	39,309
	Other Assets	0	44
	Total Assets	$ 329,321	$ 296,559
LIABILITIES			
	Accounts Payable	15,416	12,920
	Accrued Insurance	12,739	9,912
	Accrued Payroll	30,765	30,921
	Unearned Revenue	39,705	27,470
	Accrual for Termite Contracts	15,000	15,000
	Other Current Liabilities	14,515	12,313
	Current Liabilities	128,140	108,536
	Accrued Insurance	30,412	32,713
	Accrual for Termite Contracts	36,715	35,875
	Long-Term Accrued Liabilities	34,161	33,937
	Total Liabilities	229,428	211,061
STOCKHOLDERS' EQUITY			
	Common Stock, par value $1 per share; 99,500,000 shares authorized; 30,099,885 and 30,069,990 shares issued at June 30, 2002 and December 31, 2001, respectively	30,100	30,070
	Accumulated Other Comprehensive Income	(4,673)	(4,822)
	Retained Earnings	74,466	60,250

Total Stockholders' Equity	99,893	85,498
Total Liabilities and Stockholders' Equity	$ 329,321	$ 296,559

<FN>
The accompanying notes are an integral part of these condensed consolidated financial statements.
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ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(In thousands except share and per share data)
(Unaudited)

<S> <C> <C> <C> <C> <C>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUES				
Customer Services	$ 185,027	$ 181,349	$ 338,842	$ 332,322
COSTS AND EXPENSES				
Cost of Services Provided	98,023	98,719	182,576	184,993
Depreciation and Amortization	5,446	4,744	10,873	9,893
Sales, General & Administrative	62,740	63,410	118,559	119,748
Interest (Income) / Expense	(39)	(101)	10	(149)
	166,170	166,772	312,018	314,485
INCOME BEFORE INCOME TAXES	18,857	14,577	26,8240	17,837
PROVISION FOR INCOME TAXES				
Current	5,942	3,851	7,746	4,129
Deferred	1,224	1,688	2,447	2,649
	7,166	5,539	10,193	6,778
NET INCOME	$ 11,691	$ 9,038	$ 16,631	$ 11,059
RETAINED EARNINGS				
Balance at Beginning of Period	65,352	51,033	60,250	

				48,563
Cash Dividends	(1,509)	(1,509)	(3,016)	(3,018)
Common Stock Purchased	(1,223)	0	(1,223)	0
Other	155	(1,024)	1,824	934
BALANCE AT END OF PERIOD	$ 74,466	$ 57,538	$ 74,466	$ 57,538
EARNINGS PER SHARE - BASIC AND DILUTED	$ 0.39	$ 0.30	$ 0.55	$ 0.37
WEIGHTED SHARES OUTSTANDING - BASIC	30,151,607	30,179,147	30,140,954	30,144,319
WEIGHTED SHARES OUTSTANDING - DILUTED	30,361,858	30,319,912	30,343,983	30,294,240

<FN>
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ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

<S> <C> <C> <C>

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
OPERATING ACTIVITIES		
Net Income	$ 16,631	$ 11,059
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	10,873	9,893
Provision for Deferred Income Taxes	2,463	3,273
Other, Net	173	70
(Increase) Decrease in Assets:		
Trade Receivables	(5,328)	(4,651)
Materials and Supplies	309	(153)
Other Current Assets	2,284	374
Other Non-Current Assets	94	(1,282)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	6,276	6,703
Unearned Revenue	12,235	8,825
Accrued Insurance	526	(3,103)
Accrual for Termite Contracts	841	

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Long-Term Accrued Liabilities	224	(5,417)
Net Cash Provided by Operating Activities	47,601	25,672
INVESTING ACTIVITIES		
Purchases of Equipment and Property	(4,611)	(3,872)
Net Cash Used for Acquisition of Companies	(1,358)	(345)
Marketable Securities, Net	0	0
Net Cash Used in Investing Activities	(5,969)	(4,217)
FINANCING ACTIVITIES		
Dividends Paid	(3,016)	(3,018)
Common Stock Purchased	(1,292)	0
Payments on Capital Leases	(256)	(1,070)
Payments, Net of Borrowings, under Line of Credit Agreement	0	(1,400)
Other	292	(967)
Net Cash Used in Financing Activities	(4,272)	(6,455)
Net Increase in Cash and Short-Term Investments	37,360	15,000
Cash and Short-Term Investments at Beginning of Period	8,650	399
Cash and Short-Term Investments at End of Period	$ 46,010	$ 15,399

<FN>
The accompanying notes are an integral part of these condensed consolidated financial statements.
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ROLLINS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BASIS OF PREPARATION

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations.

These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes contained in the Company's annual report on Form 10-K for the year ended December 31, 2001.

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.

In the opinion of management, the condensed consolidated financial statements included herein contain all normal recurring adjustments necessary to present fairly the financial position of the Company as of June 30, 2002 and December 31, 2001, and the results of operations for the three and six months ended June 30, 2002 and 2001 and cash flows for the six months ended June 30, 2002 and 2001. Operating results for the three and six months ended June 30, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002.

Comprehensive income includes amounts subject to foreign currency translation. For the three and six months ended June 30, 2002 and 2001, comprehensive income is not materially different from net income.

In June 2001 the Financial Accounting Standards Board (FASB) approved Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 prospectively prohibits the pooling of interests method of accounting for business combinations initiated after June 30, 2001. The amortization of existing goodwill ceased on January 1, 2002. Any goodwill resulting from acquisitions completed after June 30, 2001 is not being amortized. SFAS No. 142 also establishes a new method of testing goodwill for impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. The adoption of SFAS No. 142 has resulted in the Company's discontinuation of amortization of its goodwill; however, the Company is required to test its goodwill for impairment under the new standard beginning in 2002. The expected impact in 2002 from the application is a decrease in amortization expense of approximately $2.3 million. Also, per SFAS No. 142, the expected life of customer contracts was reviewed and they will be amortized over a life between 8 to 12.5 years dependent upon customer type. The expected impact in 2002 of this review is an increase in amortization expense of $2.1 million. The Company does not believe that the net result of the decrease in amortization of goodwill and increase in amortization of customer contracts will have a material impact on its annual financial statements. The impact of SFAS No. 142 was not material to the Company's financial statements for the three and six months ended June 30, 2002.

The FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," effective June 15, 2002 that addresses obligations associated with the retirement of tangible long-lived assets and associated retirement costs. The FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective for fiscal years beginning after December 15, 2001 that addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," effective for fiscal years beginning May 15, 2002 or later 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 does not believe the impact of adopting SFAS No. 143, SFAS No. 144, or SFAS No. 145 will have a material impact on its financial statements.

Certain amounts for prior periods have been reclassified to conform with current period condensed consolidated financial statement presentation. Such reclassifications had no effect on previously reported net income.

In June 2002, the FASB issued SFAS 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 SFAS No. 146 in January 2003. Management believes that the adoption of this statement will not have a material effect on the Company's future results of operations.

NOTE 2. PROVISION FOR INCOME TAXES

The book provision for income taxes includes the liability for federal, foreign and state income taxes. The deferred provision for income taxes arises from the changes during the year in the Company's net deferred tax asset or liability.

NOTE 3. EARNINGS PER SHARE

Pursuant to the provisions of Statement of Financial Accounting Standards No. 128, "Earnings Per Share," the number of weighted average shares used in computing basic and diluted earnings per share (EPS) are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Basic EPS	30,152	30,179	30,141	30,144
Effect of Dilutive Stock Options	210	141	203	150
Diluted EPS	30,362	30,320	30,344	30,294

NOTE 4. 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 intends to appeal 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 aggressively 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.

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

The Company reported net income of $11.7 million or $0.39 per share for the second quarter of 2002, compared to net income of $9.0 million or $0.30 per share for the comparable quarter in 2001, a 29.4% increase. Net income for the first six months of 2002 increased 50.4% to $16.6 million or $0.55 per share compared to $11.1 million or $0.37 per share for the same period in 2001. Revenues for the second quarter and six months ended June 30, 2002 showed an increase of 2.0% as compared to the second quarter and six months ended June 30, 2001.

The improvement in earnings for the quarter and first six months resulted primarily from an increase in revenue and pest and termite initiatives that have decreased costs, increased productivity, and improved customer retention. The Cost of Services Provided and Sales, General and Administrative decreases both resulted in margin improvements that were partially offset by an increase in the Provision for Income Taxes.

Results of Operations

Revenues increased to $185.0 million for the second quarter of 2002 from $181.3 million for the same quarterly period of 2001. For the first six months of 2002, the Company generated revenues of $338.8 million, up 2.0% from last year's amount of $332.3 million. The revenue growth was primarily due to increased recurring revenues in both pest and termite control. Pest control benefited from improvement in customer retention while termite increased mainly through our termite baiting program.

Cost of Services Provided in the second quarter of 2002 was approximately $700,000 less than in the prior year quarter and improved to represent 53.0% of revenues compared with 54.4% for the same quarter of the prior year. For the first six months of 2002, Cost of Services Provided decreased $2.4 million and improved to represent 53.9% of revenues compared to 55.7% for the prior year period. Improvement for the second quarter and six months ended June 30, 2002 can be mainly attributed to programs that have increased productivity while reducing headcount, service salaries, materials and supplies, and fleet expense which were partially offset by higher insurance and claims expense.

Sales, General and Administrative in the second quarter of 2002 decreased $670,000 and as a percentage of revenues was 33.9% compared to 35.0% for the same quarter of the prior year. This improvement can be mainly attributed to reductions in sales promotions, fleet expense, and administrative salaries. For the first six months of 2002, Sales, General and Administrative decreased $1.2 million and as a percentage of revenues was 35.0% compared to 36.0% for the prior year period. In addition to the factors discussed above, the improvement can also be attributed to reductions in bad debt expense.

Depreciation and Amortization expenses for the second quarter of 2002 were approximately $702,000 higher than the prior year quarter. For the first six months of 2002, Depreciation and Amortization expenses were approximately $980,000 higher than the prior year period. The increase was primarily due to the amortization of 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. For further discussion, see Note 1 to the accompanying financial statements.

Net income for the quarter ended June 30, 2002 includes the effects of adopting Statement of Financial Accounting Standards (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 quarter ended June 30, 2001, it would not have had a material impact to net income previously reported for the quarter ended June 30, 2001.

The Company's net tax provision of $7.2 million for the quarter and $10.2 million for the six month period reflects increased taxable income over the prior year period. The effective tax rate of 38% was consistent between periods presented.

Impact of Recent Accounting Pronouncements

In June 2001 the Financial Accounting Standards Board (FASB) approved Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 prospectively prohibits the pooling of interests method of accounting for business combinations initiated after June 30, 2001. The amortization of existing goodwill ceased on January 1, 2002. Any goodwill resulting from acquisitions completed after June 30, 2001 is not being amortized. SFAS No. 142 also establishes a new method of testing goodwill for impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. The adoption of SFAS No. 142 has resulted in the Company's discontinuation of amortization of its goodwill; however, the Company is required to test its goodwill for impairment under the new standard beginning in 2002. The expected impact in 2002 from the application is a decrease in amortization expense of approximately $2.3 million. Also, per SFAS No. 142, the expected life of customer contracts was reviewed and they will be amortized over a life between 8 to 12.5 years dependent upon customer type. The expected impact in 2002 of this review is an increase in amortization expense of $2.1 million. The Company does not believe that the net result of the decrease in amortization of goodwill and increase in

amortization of customer contracts will have a material impact on its annual financial statements. The impact of SFAS No. 142 was not material to the Company's financial statements for the three and six months ended June 30, 2002.

The FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," effective June 15, 2002 that addresses obligations associated with the retirement of tangible long-lived assets and associated retirement costs. The FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective for fiscal years beginning after December 15, 2001 that addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," effective for fiscal years beginning May 15, 2002 or later 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 does not believe the impact of adopting SFAS No. 143, SFAS No. 144, or SFAS No. 145 will have a material impact on its financial statements.

In June 2002, the FASB issued SFAS 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 SFAS No. 146 in January 2003. Management believes that the adoption of this statement will not have a material effect on the Company's future results of operations.

Liquidity and Capital Resources

The Company believes its current cash balances, future cash flows from operating activities and 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 $47.6 million for the first six months of 2002 compared with cash provided by operating activities of $25.7 million in the same period of 2001. This increase resulted primarily from favorable changes in working capital related primarily to higher net income from operations that has been adjusted for non-cash items as well as differences in the timing of unearned revenue and other accrued expenses. A customer of the Company, Kmart, recently declared bankruptcy which did not have a significant impact on the Company or its liquidity.

The Company invested approximately $4.6 million in capital expenditures during the first six months of 2002, and expects to invest between $5.0 and $6.0 million for the remainder of 2002, inclusive of improvements to its management information systems. Capital expenditures in the first six months of 2002 consisted primarily of equipment replacements and upgrades and improvements to the Company's management information systems. A total of $3.0 million was paid in cash dividends ($0.05 a quarter) during the first six months of 2002. The capital expenditures, acquisitions and cash dividends were primarily funded through existing cash balances and operating activities. The Company maintains a $40 million credit facility with a commercial bank, of which we have no borrowings outstanding as of July 31, 2002.

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 4 to the accompanying financial statements.

In late April of 2002, the Company initiated a restructuring 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 support to the field. In a continuing effort to improve the efficiency and quality of the support the Home Office provides the field, the Company is currently evaluating its Home Office processes. 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 flow of the Company.

Critical Accounting Policies

We view critical accounting policies to be those policies which are very important to the portrayal of our financial condition and results of operations, and 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 incurred relative to termite services performed prior to the balance sheet date. The Company contracts an independent third party actuary to provide the Company a range of estimated liability based upon historical claims information. The actuarial study is a major consideration, however, along with Management's knowledge of changes in business practices, contract changes, ongoing claims and termite remediation trends are used in the determination of the accrual. Management makes judgments utilizing these operational factors but recognizes that they are inherently subjective due to the litigious nature of 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 predict future catastrophic claims. These 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 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 predict future catastrophic claims. Initiatives, which have been implemented, include an annual Motor Vehicle Registration program, utilization of a Global Positioning System in the majority of our company vehicles, post-offer physicals for new employees, and post-accident drug testing. The Company has improved the time required to report a claim by utilizing a "Red Alert" program that provides for 24/7 serious accident assessment and has instituted a modified duty program that enables employees to go back to work on a limited-duty basis.

Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements regarding the expected impact of 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 2002 capital expenditures. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties including, without limitation, the possibility of an adverse ruling against the Company in 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; 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 3. Quantitative and Qualitative Disclosures About Market Risk.

As of July 31, 2002, the Company no longer maintains a material investment portfolio subject to interest rate risk exposure. The Company is, however, subject to interest rate risk exposure through borrowings on its $40 million credit facility. Due to the absence of such borrowings as of July 31, 2002 and since no borrowings are currently anticipated through December 31, 2002, this risk is not expected to have a material effect upon the Company's results of operations or financial position going forward.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

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

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

The Company's Annual Meeting of Stockholders was held on April 23, 2002. At the meeting, stockholders elected two Class I Directors for the three-year term expiring in 2005 and one Class II Director for the one-year term expiring in 2003.

Results of the voting were as follows:

Election of Class I and II Directors:	For	Withheld
R. Randall Rollins	27,435,459	1,254,573
James B. Williams	28,063,111	626,921
Henry B. Tippie	28,062,314	627,718

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(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. is 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.

(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.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed or were required to be filed during the second quarter of 2002.

SIGNATURES

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

ROLLINS, INC.
(Registrant)

Date: July 31, 2002 By: /s/ Gary W. Rollins

Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer
(Member of the Board of Directors)

Date: July 31, 2002 By: /s/ Harry J. Cynkus

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