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 September 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 29,845,550 shares of its $1 Par Value Common Stock outstanding as of October 31, 2002.

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ROLLINS, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION
Item 1. Financial Statements.

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

<S>	<C>	<C> (Unaudited) September 30, 2002	<C> December 31, 2001
ASSETS			
	Cash and Short-Term Investments	$ 44,494	$ 8,650
	Trade Receivables, Net	52,503	48,479
	Materials and Supplies	11,075	11,895
	Deferred Income Taxes	20,019	21,044
	Other Current Assets	10,992	10,415
	Current Assets	139,083	100,483
	Equipment and Property, Net	38,252	44,273
	Goodwill and Other Intangible Assets, Net	109,439	112,450
	Deferred Income Taxes	38,248	39,309
	Other Assets	0	44
	Total Assets	$ 325,022	$ 296,559
LIABILITIES			
	Accounts Payable	$ 11,734	$ 12,920
	Accrued Insurance	13,230	9,912
	Accrued Payroll	27,906	30,921
	Unearned Revenue	43,072	27,470
	Accrual for Termite Contracts	17,000	15,000
	Other Current Liabilities	17,738	12,313
	Current Liabilities	130,680	108,536
	Accrued Insurance	28,946	32,713
	Accrual for Termite Contracts	34,696	35,875
	Long-Term Accrued Liabilities	29,579	33,937
	Total Liabilities	223,901	211,061
STOCKHOLDERS' EQUITY			
	Common Stock, par value $1 per share; 99,500,000 shares authorized; 29,889,885 and 30,069,990 shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively	29,890	30,070
	Accumulated Other Comprehensive Income	(4,808)	(4,822)
	Retained Earnings	76,039	60,250
	Total Stockholders' Equity	101,121	85,498

Total Liabilities and Stockholders' Equity	$ 325,022	$ 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 September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
REVENUES				
Customer Services	$ 174,873	$ 169,806	$ 513,715	$ 502,128
COSTS AND EXPENSES				
Cost of Services Provided	95,174	95,118	277,750	280,111
Depreciation and Amortization	5,425	5,140	16,298	15,033
Sales, General & Administrative	63,516	62,780	182,075	182,528
Interest (Income) / Expense	(135)	(116)	(125)	(265)
	163,980	162,922	475,998	477,407
INCOME BEFORE INCOME TAXES	10,893	6,884	37,717	24,721
PROVISION FOR INCOME TAXES				
Current	4,600	1,370	12,346	5,499
Deferred	(461)	1,246	1,986	3,895
	4,139	2,616	14,332	9,394
NET INCOME	$ 6,754	$ 4,268	$ 23,385	$ 15,327
RETAINED EARNINGS				
Balance at Beginning of Period	74,466	57,538	60,250	48,563
Cash Dividends	(1,495)	(1,509)	(4,511)	(4,527)
Common Stock Purchased	(3,781)	(56)	(5,004)	(56)

Other	95	(218)	1,919	716
BALANCE AT END OF PERIOD	$ 76,039	$ 60,023	$ 76,039	$ 60,023
EARNINGS PER SHARE - BASIC	$ 0.23	$ 0.14	$ 0.78	$ 0.51
EARNINGS PER SHARE - DILUTED	$ 0.22	$ 0.14	$ 0.77	$ 0.51
WEIGHTED SHARES OUTSTANDING - BASIC	29,923,467	30,176,364	30,067,661	30,155,118
WEIGHTED SHARES OUTSTANDING - DILUTED	30,078,571	30,313,600	30,254,715	30,300,810

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

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

	Nine Months Ended September 30, 2002	2001
OPERATING ACTIVITIES		
Net Income	$ 23,385	$ 15,327
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	16,298	15,033
Provision for Deferred Income Taxes	2,085	4,628
Other, Net	776	135
(Increase) Decrease in Assets:		
Trade Receivables	(3,947)	(3,610)
Materials and Supplies	831	1,432
Other Current Assets	(577)	(7,801)
Other Non-Current Assets	96	(871)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	2,773	4,102
Unearned Revenue	15,602	6,764
Accrued Insurance	(449)	(4,195)
Accrual for Termite Contracts	822	(1,380)
Long-Term Accrued Liabilities	(4,359)	(3,547)

Net Cash Provided by Operating Activities	53,336	26,017
INVESTING ACTIVITIES		
Purchases of Equipment and Property	(5,900)	(6,184)
Net Cash Used for Acquisition of Companies	(1,768)	(704)
Marketable Securities, Net	0	0
Net Cash Used in Investing Activities	(7,668)	(6,888)
FINANCING ACTIVITIES		
Dividends Paid	(4,511)	(4,527)
Common Stock Purchased	(5,288)	(60)
Payments on Capital Leases	(256)	(1,447)
Payments, Net of Borrowings, Under Line of Credit Agreement	0	(1,400)
Other	231	(1,632)
Net Cash Used in Financing Activities	(9,824)	(9,066)
Net Increase in Cash and Short-Term Investments	35,844	10,063
Cash and Short-Term Investments At Beginning of Period	8,650	399
Cash and Short-Term Investments At End of Period	$ 44,494	$ 10,462

<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 September 30, 2002 and December 31, 2001, and the results of operations for the three and nine months ended September 30, 2002 and 2001 and cash flows for the nine months ended September 30, 2002 and 2001. Operating results for the three and nine months ended September 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 nine months ended September 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 at least 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. The adoption of SFAS 142 required the Company to perform an initial impairment assessment on all goodwill during fiscal year 2002. The Company chose September 30th as the measurement date to assess the carrying value of goodwill on an annual basis. In this assessment, the Company compared its fair value to its carrying value. The fair value of the Company was determined by a comparison of its closing stock price as of September 30, 2002 and the reported book value of the Company. At the September 30th measurement date and upon adoption of SFAS 142, the Company had no impairment of its goodwill, which totaled $72.4 million at September 30, 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 position, results of operations or liquidity for the three and nine months ended September 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 adopted SFAS No. 144 effective January 1, 2002. The adoption of SFAS No. 144 did not have a material impact on the Company's financial position, results of operations or liquidity for the three and nine months ended September 30, 2002. The Company does not believe the impact of adopting SFAS No. 143 or SFAS No. 145 will have a material impact on its financial position, results of operations or liquidity.

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 financial position, results of operations or liquidity.

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.

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):

<TABLE>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Basic EPS	29,923	30,176	30,068	30,155
Effect of Dilutive Stock Options	156	138	187	146
Diluted EPS	30,079	30,314	30,255	30,301

</TABLE>

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 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.

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 $6.8 million or $0.23 per share for the third quarter of 2002, compared to net income of $4.3 million or $0.14 per share for the comparable quarter in 2001, a 58.2% increase. Net income for the first nine months of 2002 increased 52.6% to $23.4 million or $0.78 per share compared to $15.3 million or $0.51 per share for the same period in 2001. Revenues for the third quarter of 2002 showed an increase of 3.0% as compared to the third quarter 2001. Revenues for the nine months ended September 30, 2002 showed an increase of 2.3% as compared to the nine months ended September 30, 2001.

The improvement in earnings for the quarter and first nine months resulted primarily from an increase in revenue and pest and termite initiatives that have decreased costs, increased productivity, and improved customer retention.

Results of Operations

Revenues increased to $174.9 million for the third quarter of 2002, a 3.0% increase or $5.1 million from $169.8 million for the same quarterly period of 2001. For the nine months the Company generated revenues of $513.7 million, a 2.3% increase or $11.6 million from last year's amount of $502.1 million. The revenue increase was mainly attributable to pest control services, as termite revenue was flat. The growth in pest control reflects a successful Eclipse summer sales program that contributed to a positive net gain in customers. Our commercial revenue grew, reflecting last quarter's price increase and a one-time sale to a national account customer. Every-other-month service, our primary residential pest control service offering, continues to grow in importance, now approaching 50% of our residential pest control customer base. In addition, a selection of older residential pest control customer accounts received a price increase in the third quarter.

The business of the Company is affected by the seasonal nature of the Company's pest and termite control services as evidenced by the following chart.

<TABLE>

	Total Net Revenues		
<S>	<C> 2002	<C> 2001	<C> 2000
First Quarter	$ 153,815	$ 150,973	$ 149,550
Second Quarter	185,027	181,349	180,528
Third Quarter	174,873	169,806	172,373
Fourth Quarter	N/A	150,158	147,107

</TABLE>

Cost of Services Provided in the third quarter of 2002 was approximately $56,000 more than in the prior year quarter while margins improved to represent 54.4% of revenues compared with 56.0% of revenues for the same quarter of the prior year. The increase in third quarter expenses was primarily due to increases in insurance and claims expense, cash discounts, and other expenses. The margin improvement was mainly attributed to the 3.0% increase in third quarter revenues and the beneficial impact of higher every-other-month revenues on service payroll, fleet, and materials and supplies margins. For the first nine months of 2002, Cost of Services Provided decreased $2.4 million and margins improved to represent 54.1% of revenues compared to 55.8% of revenues for the prior year period. Improvement for the nine months ended September 30, 2002 can be mainly attributed to programs that have increased productivity while reducing headcount, and reductions in service salaries, personnel related expenses, materials and supplies, and fleet expense which were partially offset by higher insurance and claims expense.

Sales, General and Administrative in the third quarter of 2002 increased $736,000 but margins improved to represent 36.3% of revenues compared to 37.0% of revenues for the same quarter of the prior year. The increase in third quarter expenses was primarily due to higher sales commissions for the successful Eclipse summer selling program, bad debt expense, sales salaries, and administrative salaries. The margin improvement was mainly attributed to the 3.0% increase in third quarter revenues compared to a 1.5% decline in revenues in the third quarter of 2001 as compared to third quarter 2000. For the first nine months of 2002, Sales, General and Administrative expenses decreased $453,000, and as a percentage of revenues was 35.4% compared to 36.4% for the prior year period. Improvement for the first nine months was mainly attributed to reduced personnel related expenses, fleet expense, telephone expense, travel expense, and sales promotions.

Depreciation and Amortization expenses for the third quarter of 2002 were approximately $285,000 higher than the prior year quarter. For the first nine months of 2002, Depreciation and Amortization expenses were approximately $1.3 million higher than the prior year period. 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 $2.3 million offset by an increase in amortization expense of $2.1 million due to a change in the expected life of customer contracts. For further discussion, see Note 1 to the accompanying financial statements.

Net income for the quarter ended September 30, 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 quarter ended September 30, 2001, it would not have had a material impact to net income previously reported for the quarter ended September 30, 2001.

The Company's net tax provision of $4.1 million for the quarter and $14.3 million for the nine 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 at least 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. The adoption of SFAS 142 required the Company to perform an initial impairment assessment on all goodwill during fiscal year 2002. The Company chose September 30th as the measurement date to assess the carrying value of goodwill on an annual basis. In this assessment, the Company compared its fair value to its carrying value. The fair value of the Company was determined by a comparison of its closing stock price as of September 30, 2002 and the reported book value of the Company. At the September 30th measurement date and upon adoption of SFAS 142, the Company had no impairment of its goodwill, which totaled $72.4 million at September 30, 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 position, results of operations or liquidity for the three and nine months ended September 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 adopted SFAS No. 144 effective January 1, 2002.

The adoption of SFAS No. 144 did not have a material impact on the Company's financial position, results of operations or liquidity for the three and nine months ended

September 30, 2002. The Company does not believe the impact of adopting SFAS No. 143 or SFAS No. 145 will have a material impact on its financial position, results of operations or liquidity.

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 financial position, results of operations or liquidity.

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 $53.3 million for the first nine months of 2002, compared with cash provided by operating activities of $26.0 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 significant 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 $5.9 million in capital expenditures during the first nine months of 2002, and expects to invest between $4.0 and $6.0 million for the remainder of 2002, inclusive of improvements to its management information systems. Capital expenditures in the first nine months of 2002 consisted primarily of equipment replacements and upgrades and improvements to the Company's management information systems. A total of $4.5 million was paid in cash dividends ($0.05 a quarter) during the first nine months of 2002. The capital expenditures, acquisitions and cash dividends were primarily funded through existing cash balances and operating activities. In the first nine months of 2002, the Company made seven acquisitions totaling $1.8 million compared to three acquisitions and two payments from previous acquisitions totaling $0.7 million in the first nine months of 2001. The Company maintains a $40 million credit facility with a commercial bank, of which we have no borrowings outstanding as of September 30, 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 reengineering its Home Office processes. In the first nine months of 2002, the Company incurred $670,000 in costs related to the restructuring and anticipates additional costs of $200,000 in the fourth quarter. 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.

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 will be 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 fair and reasonable and will not have a material effect on the Company's financial position, results of operations or liquidity.

The Company has made contributions to the defined benefit retirement plan (the Plan) during 2002 as a result of the Plan being underfunded. Total 2002 contributions to date amount to approximately $10.0 million. The Company will further analyze the funded status of the Plan prior to December 31, 2002 and may choose to make additional contributions to the Plan. 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.

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 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 that 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 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. Commercial business also offers greater prospects for revenues from additional special services and product sales, which are recognized as income when performed. In general, pest control customers sign an initial one year contract. A small portion of new customer prepayments is recorded as revenue, using accounting estimates, in recognition of the fact that first time services generally involve greater costs for service payroll and materials. Termite revenues are recognized when the services are performed, although a portion of every termite baiting sale is deferred and recognized as income during the term of the contract using accounting estimates to match the timing of performing monitoring visits. Traditional termite contract renewals are recognized as revenues when collected in order to match the revenue with the corresponding service provided on or about the renewal date. Baiting renewals are deferred and recognized over the annual guarantee period in relation to the cost of the required monitoring visits.

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 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 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 September 30, 2002, the Company no longer maintains a material investment portfolio subject to interest rate risk exposure. The Company is subject to interest rate risk exposure through borrowings on its $40 million credit facility. Due to the absence of such borrowings as of October 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. The Company has been affected; however, by the impact of lower interest rates on interest income from its short-term investments.

Item 4. Controls and Procedures.

Based on the evaluation of the Company's disclosure controls and procedures as of a date within 90 days of the filing date of this quarterly report, each of Gary W. Rollins, the Chief Executive Officer, President and Chief Operating Officer of the Company, and Harry J. Cynkus, the Chief Financial Officer and Treasurer of the Company, have concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time period specified by the Securities and Exchange Commission's rules and forms.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 5. Other Information.

At the Company's October 22, 2002 Board of Directors meeting, the Audit Committee approved Ernst & Young LLP, the Company's independent auditors, to review the federal tax return for the upcoming year.

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.

(10) (i) Lease Agreement dated July 1, 2002 between Rollins Continental, Inc. and Rollins Ranch, a division of LOR, Inc.

(99.1) Certification of Periodic Financial Reports.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed or were required to be filed during the third 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: November 14, 2002 By: /s/ Gary W. Rollins

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

Date: November 14, 2002 By: /s/ Harry J. Cynkus

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

Certifications

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

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report (the "Evaluation Date"); and

c) presented in this quarterly 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 quarterly 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: November 14, 2002 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 of Rollins, Inc., certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report (the "Evaluation Date"); and

c) presented in this quarterly 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 quarterly 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: November 14, 2002 By: /s/ Harry J. Cynkus

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

Exhibit 10i

LEASE FOR PASTURAGE, GRAZING AND HUNTING

This pasturage, grazing and hunting lease made this July 1, 2002, between ROLLINS CONTINENTAL, INC., herein referred to as Lessor, and ROLLINS RANCH, a Division of LOR, Inc., herein referred to as Lessee.

I.

Lessor hereby leases to Lessee the land of Lessor located in the State of Florida and described on Exhibit A attached hereto. This lease commences as of July 1, 2002, and is for a term of five (5) years ending on June 30, 2007, and it will automatically renew thereafter each year on the anniversary date for a one year period, or until this lease is terminated earlier on the terms and conditions set forth herein.

Il.

Lessee shall pay to Lessor an annual rental rate of One Hundred Thirty-One Thousand Nine Hundred Thirty-Eight and 60/100 Dollars ($131,938.50) per year, or a fraction thereof in the event this lease is terminated earlier, payable on or before the end of each annual period of this lease. The foregoing rental rate has been calculated at the rate of Fifteen and 00/100 Dollars ($15.00)(1) per acre for each acre of the foregoing described property to wit: Eight thousand, seven hundred ninety-five and nine-tenths (8,795.9) acres.

(1) Per Doane's Agricultural Report newsletter - Copyrighted in 2000.

In addition to the above mentioned rent, Lessee is responsible to fertilize, lime, maintain the pasture land, as well as to maintain the fences.

III.

The premises subject to this lease shall be used by the Lessee soley and exclusively for pasturage, grazing of cattle, and hunting. There shall be no limit to the number of cows which the Lessee may pasture and graze on the premises. Lessee shall not permit others to use the land for pasturage and grazing.

lV.

Lessee shall not construct any improvements on the premises without owner's prior written consent other than those used incidental to pasturage, grazing of cattle and hunting, nor shall Lessee remove any fences upon the leased premises without the prior written consent of Lessor.

V.

Lessee accepts the property "as is" in its present condition and shall be responsible for all the maintenance of fences and gates enclosing the leased premises and shall keep the same in as good repair as the commencement date of this lease, normal wear and tear excepted.

VI.

Lessor shall be responsible for the payment of all taxes relating to the leased property. Lessor shall have no responsibility or liability for the health or safety of the cattle grazing and pasturing on the property and shall not incur any responsibility or liability in the event of the death or disease of any of the animals being pastured or grazed. Lessee shall indemnify Lessor against all liability, costs and expenses as a result of loss or damage to property or injuries or death to persons arising from the use of the premises by the Lessee.

VII.

Notwithstanding anything herein to the contrary, this lease may be terminated by either party hereto upon ninety (90) days written notice.

VIII.

This lease shall inure to the benefit of and be binding upon the heirs, executors, successors and assigns of the parties hereto. Lessee shall have the right to sublease the hunting rights on all or any part of the leased premises. Lessor will be held harmless for any accidents, injuries or damage related to the sublease.

IX

Upon the termination of this lease, Lessee shall vacate the leased premises and remove all cattle from such premises.

IN WITNESS WHEREOF, the parties have hereunto set their hands and affixed their seals the day and year first written above.

ROLLINS CONTINENTAL, INC.

By /s/ Gary W. Rollins

Gary W. Rollins, President

ROLLINS RANCH, a division of LOR, Inc.

By /s/ R. Randall Rollins

R. Randall Rollins, President

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 Quarterly Report on Form 10-Q of Rollins, Inc. for the quarterly period ended September 30, 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 quarterly report fairly presents, in all material respects, the financial condition and results of operations of Rollins, Inc.

Date: November 14, 2002 /s/ Gary W. Rollins

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

Date: November 14, 2002 /s/ Harry J. Cynkus

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