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ROLLINS, INC. AND SUBSIDIARIES

PART 1 FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2010 AND DECEMBER 31, 2009
(in thousands except share data)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$19,286</td>
<td>$9,504</td>
</tr>
<tr>
<td>Trade receivables, short-term, net of allowance for doubtful accounts of $6,333 and $7,589, respectively</td>
<td>71,494</td>
<td>60,590</td>
</tr>
<tr>
<td>Accounts receivable - other, net</td>
<td>3,621</td>
<td>2,164</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>11,122</td>
<td>10,208</td>
</tr>
<tr>
<td>Deferred income taxes, net</td>
<td>26,190</td>
<td>25,839</td>
</tr>
<tr>
<td>Other current assets</td>
<td>14,597</td>
<td>12,225</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>146,310</td>
<td>120,530</td>
</tr>
<tr>
<td>Equipment and property, net</td>
<td>71,260</td>
<td>74,644</td>
</tr>
<tr>
<td>Goodwill</td>
<td>189,668</td>
<td>189,658</td>
</tr>
<tr>
<td>Customer contracts</td>
<td>113,859</td>
<td>121,176</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>24,531</td>
<td>24,785</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>10,578</td>
<td>9,356</td>
</tr>
<tr>
<td>Trade receivables, long-term, net of allowance for doubtful accounts of $1,121 and $1,083, respectively</td>
<td>8,869</td>
<td>8,446</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>$582,407</td>
<td>$566,496</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>17,599</td>
<td>15,841</td>
</tr>
<tr>
<td>Accrued insurance</td>
<td>15,848</td>
<td>16,567</td>
</tr>
<tr>
<td>Accrued compensation and related liabilities</td>
<td>55,966</td>
<td>57,377</td>
</tr>
<tr>
<td>Unearned revenues</td>
<td>93,450</td>
<td>85,883</td>
</tr>
<tr>
<td>Accrual for termite contracts</td>
<td>3,785</td>
<td>3,382</td>
</tr>
<tr>
<td>Line of credit</td>
<td>25,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>25,822</td>
<td>23,703</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>237,470</td>
<td>232,753</td>
</tr>
<tr>
<td>Accrued insurance, less current portion</td>
<td>27,850</td>
<td>24,908</td>
</tr>
<tr>
<td>Accrual for termite contracts, less current portion</td>
<td>5,715</td>
<td>6,618</td>
</tr>
<tr>
<td>Accrued pension</td>
<td>13,919</td>
<td>14,895</td>
</tr>
<tr>
<td>Long-term accrued liabilities</td>
<td>8,869</td>
<td>8,446</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>306,837</td>
<td>301,930</td>
</tr>
<tr>
<td>Commitments and Contingencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STOCKHOLDERS’ EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, par value $1 per share; 170,000,000 shares authorized, 98,559,008 and 98,904,349 shares issued, respectively</td>
<td>98,559</td>
<td>98,904</td>
</tr>
<tr>
<td>Paid in capital</td>
<td>24,263</td>
<td>22,655</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(32,149)</td>
<td>(32,127)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>184,897</td>
<td>175,134</td>
</tr>
<tr>
<td>Total Stockholders’ Equity</td>
<td>275,570</td>
<td>264,566</td>
</tr>
<tr>
<td>Total Liabilities and Stockholders’ Equity</td>
<td>$582,407</td>
<td>$566,496</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## ROLLINS, INC. AND SUBSIDIARIES
### CONSOLIDATED STATEMENTS OF INCOME
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**
*(in thousands except share data)*
*(unaudited)*

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer services</td>
<td>$298,803</td>
<td>$284,567</td>
<td>$551,844</td>
<td>$527,539</td>
</tr>
<tr>
<td><strong>COSTS AND EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services provided</td>
<td>148,428</td>
<td>141,633</td>
<td>279,403</td>
<td>267,004</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>8,967</td>
<td>9,374</td>
<td>17,967</td>
<td>18,803</td>
</tr>
<tr>
<td>Sales, general and administrative</td>
<td>96,772</td>
<td>91,806</td>
<td>181,873</td>
<td>173,794</td>
</tr>
<tr>
<td>(Gain)/loss on sales of assets</td>
<td>191</td>
<td>(18)</td>
<td>5</td>
<td>(23)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>66</td>
<td>259</td>
<td>165</td>
<td>687</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>254,424</td>
<td>243,054</td>
<td>479,413</td>
<td>460,265</td>
</tr>
<tr>
<td><strong>INCOME BEFORE INCOME TAXES</strong></td>
<td>44,379</td>
<td>41,513</td>
<td>72,431</td>
<td>67,274</td>
</tr>
<tr>
<td><strong>PROVISION FOR INCOME TAXES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>16,532</td>
<td>15,189</td>
<td>26,916</td>
<td>24,445</td>
</tr>
<tr>
<td>Deferred</td>
<td>147</td>
<td>842</td>
<td>232</td>
<td>1,539</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,679</td>
<td>16,031</td>
<td>27,148</td>
<td>25,984</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$27,700</td>
<td>$25,482</td>
<td>$45,283</td>
<td>$41,290</td>
</tr>
<tr>
<td><strong>NET INCOME PER SHARE - BASIC</strong></td>
<td>$0.28</td>
<td>$0.26</td>
<td>$0.46</td>
<td>$0.41</td>
</tr>
<tr>
<td><strong>NET INCOME PER SHARE - DILUTED</strong></td>
<td>$0.28</td>
<td>$0.26</td>
<td>$0.46</td>
<td>$0.41</td>
</tr>
<tr>
<td>Weighted average shares outstanding - basic</td>
<td>99,044</td>
<td>99,581</td>
<td>99,125</td>
<td>99,865</td>
</tr>
<tr>
<td>Weighted average shares outstanding - diluted</td>
<td>99,199</td>
<td>99,889</td>
<td>99,295</td>
<td>100,176</td>
</tr>
<tr>
<td><strong>DIVIDENDS PAID PER SHARE</strong></td>
<td>$0.09</td>
<td>$0.07</td>
<td>$0.18</td>
<td>$0.14</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.

---

## ROLLINS, INC. AND SUBSIDIARIES
### CONSOLIDATED STATEMENTS OF CASH FLOWS
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**
*(in thousands)*
*(unaudited)*

### OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$45,283</td>
<td>$41,290</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>17,967</td>
<td>18,803</td>
</tr>
<tr>
<td>Provision for deferred income taxes</td>
<td>232</td>
<td>1,539</td>
</tr>
<tr>
<td>Provision for bad debts</td>
<td>2,197</td>
<td>3,120</td>
</tr>
<tr>
<td>Stock based compensation expense</td>
<td>4,221</td>
<td>2,900</td>
</tr>
<tr>
<td>(Gain)/loss on sales of assets</td>
<td>5</td>
<td>(23)</td>
</tr>
<tr>
<td>Excess tax benefits from share-based payments</td>
<td>(448)</td>
<td>(93)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(188)</td>
<td>18</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade accounts receivables</td>
<td>(14,199)</td>
<td>(13,070)</td>
</tr>
<tr>
<td>Accounts receivables - other</td>
<td>(1,471)</td>
<td>(130)</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>(911)</td>
<td>(184)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(2,376)</td>
<td>1,054</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>(305)</td>
<td>(825)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>1,958</td>
<td>1,891</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>7,559</td>
<td>6,900</td>
</tr>
<tr>
<td>Accrued insurance</td>
<td>2,223</td>
<td>3,228</td>
</tr>
<tr>
<td>Accrual for termite contracts</td>
<td>(500)</td>
<td>(2,650)</td>
</tr>
<tr>
<td>Pension funding</td>
<td>(638)</td>
<td></td>
</tr>
<tr>
<td>Long-term accrued liabilities</td>
<td>(1,482)</td>
<td>327</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$59,037</td>
<td>$64,095</td>
</tr>
</tbody>
</table>

### INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash used for acquisitions of companies, net of cash acquired</td>
<td>(2,173)</td>
<td>(3,043)</td>
</tr>
<tr>
<td>Purchases of equipment and property</td>
<td>(4,522)</td>
<td>(6,123)</td>
</tr>
<tr>
<td>Cash from sales of franchises</td>
<td>130</td>
<td>9</td>
</tr>
</tbody>
</table>
In excess of fifty percent of the Company’s voting power is controlled by a group that includes (i) the Company’s Chairman of the Board, R. Randall Rollins, (ii) his brother, Gary W. Rollins, who is the President, Chief Executive Officer and Chief Operating Officer, and a director of the Company, (iii) certain companies under their control, (iv) and Glen Rollins, who is the nephew of R. Randall Rollins and son of Gary W. Rollins, the Executive Vice President of Rollins, Inc. and a director of the Company.

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.

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ROLLINS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS’ EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2010
( unaudited)

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Comprehensive Income (Loss)</th>
<th>Common Stock</th>
<th>Paid-in Capital</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Retained Earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2009</td>
<td>$ 98,904</td>
<td>$ 22,655</td>
<td></td>
<td>$ (32,127)</td>
<td>$ 175,134</td>
<td>$ 264,566</td>
</tr>
<tr>
<td>Net Income</td>
<td>$ 45,283</td>
<td>$ 45,283</td>
<td></td>
<td>$ 45,283</td>
<td>$ 45,283</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(22)</td>
<td>(22)</td>
<td></td>
<td>(22)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$ 45,261</td>
<td>$ 45,261</td>
<td></td>
<td>(17,856)</td>
<td>(17,856)</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock purchased and retired</td>
<td>(887)</td>
<td>(17,664)</td>
<td>(18,551)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>556</td>
<td>3,665</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock options exercised, net of shares</td>
<td>(14)</td>
<td>(2,505)</td>
<td>(2,519)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess tax benefit from share-based payments</td>
<td>448</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at June 30, 2010</td>
<td>$ 98,559</td>
<td>$ 24,263</td>
<td>$ (32,149)</td>
<td>$ 184,897</td>
<td>$ 275,570</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.

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ROLLINS, INC. AND SUBSIDIARIES

NOTE 1. BASIS OF PREPARATION AND OTHER

Basis of Preparation - The consolidated financial statements included herein have been prepared by Rollins, Inc. (the “Company”), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q. These consolidated financial statements have been prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification™ (ASC) 810, “Consolidation” and Rule 3A-02(a) of Regulation S-X. In accordance with ASC 810 and Rule 3A-02(a) of Regulation S-X, the Company’s policy is to consolidate all subsidiaries and investees where it has voting control. The Company does not have any subsidiaries or investees where it has less than 100% equity interest or less than 100% voting control, nor does it have any interest in other investees, joint ventures, or other variable interest entities that require consolidation under ASC No. 810.

Footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted as permitted by such rules and regulations. These 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, 2009.

In the opinion of management, the consolidated financial statements included herein contain all adjustments necessary to present fairly the financial position of the Company as of June 30, 2010, the results of its operations for the three and six months ended June 30, 2010 and 2009 and its cash flows for the six months ended June 30, 2010 and 2009. All such adjustments are of a normal recurring nature. Operating results for the three and six months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

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.
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 of the Company’s pest and termite control operations during such periods as evidenced by the following chart.

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter</td>
<td>$253,041</td>
<td>$242,972</td>
<td>$210,078</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>298,803</td>
<td>284,567</td>
<td>284,499</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>N/A</td>
<td>286,852</td>
<td>277,911</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>N/A</td>
<td>259,567</td>
<td>248,076</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>$1,073,958</td>
<td>$1,020,564</td>
</tr>
</tbody>
</table>

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Standards

Recently Adopted Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-06, “Fair Value Measurements and Disclosures,” which amends the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires disclosure of transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy, including the reasons and the timing of the transfers and information on purchases, sales, issuance, and settlements on a gross basis in the reconciliation of the assets and liabilities measured under Level 3 of the fair value measurement hierarchy. The guidance is effective for annual and interim reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual and interim periods beginning after December 15, 2010. The Company adopted these amendments in the first quarter of 2010 and the adoption did not have a material impact on the disclosures of (in) the Company’s consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In September 2009, the FASB issued certain amendments as codified in ASC Topic 605-25, “Revenue Recognition, Multiple-Element Arrangements.” These amendments provide clarification on whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. An entity is required to allocate revenue in an arrangement using estimated selling prices of deliverables in the absence of vendor-specific objective evidence or third-party evidence of selling price. These amendments also eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method. The amendments significantly expand the disclosure requirements for multiple-deliverable revenue arrangements. These provisions are to be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with earlier application permitted. The Company will adopt the provisions of these amendments in its fiscal year 2011 and is currently evaluating the impact of these amendments to its consolidated financial statements.

There were various other accounting standards and interpretations issued during 2009 and 2010 to July 31, 2010 that the Company has not yet been required to adopt, none of which are expected to have a material impact on the Company’s financial position, operations or cash flows.

NOTE 3. ACQUISITIONS

The Company made several acquisitions during the first six months ended June 30, 2010 and 2009, none of which are considered material in nature individually or in total. Subsequent to the closing of the Company’s second quarter 2010, Rollins announced that it had signed a definitive agreement to acquire Waltham Services, Inc. Established in 1893, Waltham is a leading New England pest control company. Ranked the 33rd largest company in the industry prior to the acquisition, Waltham Services has annual revenues exceeding $17 million prior to the acquisition. The Company expects this acquisition to close effective August 1, 2010. Waltham will operate independently to preserve its successful brand, loyal customers and employees.

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NOTE 4. DEBT

On March 28, 2008, the Company entered into a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to $175 million, which includes a $75 million letter of credit subfacility, and a $10 million swingline subfacility. As of June 30, 2010, borrowings of $25.0 million were outstanding under the line of credit and no borrowings were outstanding under the swingline subfacility. The Company maintains approximately $30.3 million in letters of credit, which reduces its borrowing capacity under the credit facility. These letters of credit are required by the Company’s fronting insurance companies and/or certain states, due to the Company’s self-insured status, to secure various workers’ compensation and casualty insurance contracts, although the Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate such claims. The Revolving Credit Agreement is guaranteed by certain of Rollins’ domestic subsidiaries. The maturity date of the Credit Agreement is March 27, 2013. Outstanding balances of individual tranches under the Credit Agreement currently mature within twelve months. Revolving loans under the Revolving Credit Agreement bear interest at one of the following two rates, at the Company’s election:

- the Base Rate, which is the greater of (i) SunTrust Bank’s “prime rate” for the day of the borrowing, (ii) a fluctuating rate per annum equal to the Federal Funds Rate plus 0.50% and (iii) the adjusted LIBOR determined on a daily basis for an interest period of one month; or
- with respect to any Eurodollar borrowings, Adjusted LIBOR (which equals LIBOR as increased to account for the maximum reserve percentages established by the U.S. Federal Reserve) plus an additional amount, which varies between 0.50% and 0.75%, based upon Rollins’ then-current debt-to-EBITDA ratio. As of June 30, 2010, the additional rate allocated was 0.50%.

As of June 30, 2010, the effective interest rate on the outstanding borrowing under the line of credit was 0.85%. The Revolving Credit Agreement contains customary terms and conditions, including, without limitation, certain financial covenants including covenants restricting the Company’s ability to incur certain indebtedness or liens, or to merge or consolidate with or sell substantially all of its assets to another entity. Further, the Revolving Credit Agreement contains financial covenants restricting the Company’s ability to permit the ratio of the Company’s consolidated debt to EBITDA to exceed 2.5 to 1.

The Company remained in compliance with applicable debt covenants at June 30, 2010 and expects to maintain compliance throughout 2010.
NOTE 5. EARNINGS PER SHARE

In accordance with FASB ASC No. 260, “Earnings Per Share”, the Company presents basic EPS and diluted EPS under the two-class method presented below (in thousands except per share data):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th></th>
<th>Six Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$27,700</td>
<td>$25,482</td>
<td></td>
<td>$45,283</td>
<td>$41,290</td>
<td></td>
</tr>
<tr>
<td>Less: Dividends paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>(8,764)</td>
<td>(6,860)</td>
<td></td>
<td>(17,510)</td>
<td>(13,755)</td>
<td></td>
</tr>
<tr>
<td>Restricted shares of common stock</td>
<td>(159)</td>
<td>(110)</td>
<td></td>
<td>(345)</td>
<td>(241)</td>
<td></td>
</tr>
<tr>
<td>Undistributed earnings for the period</td>
<td>$18,777</td>
<td>$18,512</td>
<td></td>
<td>$27,428</td>
<td>$27,294</td>
<td></td>
</tr>
<tr>
<td>Allocation of undistributed earnings:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>$18,402</td>
<td>$18,167</td>
<td></td>
<td>$26,879</td>
<td>$26,792</td>
<td></td>
</tr>
<tr>
<td>Restricted shares of common stock</td>
<td>375</td>
<td>345</td>
<td></td>
<td>549</td>
<td>502</td>
<td></td>
</tr>
<tr>
<td>Diluted allocation of undistributed earnings:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>$18,403</td>
<td>$18,168</td>
<td></td>
<td>$26,880</td>
<td>$26,793</td>
<td></td>
</tr>
<tr>
<td>Restricted shares of common stock</td>
<td>374</td>
<td>344</td>
<td></td>
<td>548</td>
<td>501</td>
<td></td>
</tr>
<tr>
<td>Basic shares outstanding:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>97,068</td>
<td>97,727</td>
<td></td>
<td>97,140</td>
<td>98,028</td>
<td></td>
</tr>
<tr>
<td>Restricted shares of common stock</td>
<td>1,976</td>
<td>1,854</td>
<td></td>
<td>1,985</td>
<td>1,837</td>
<td></td>
</tr>
<tr>
<td></td>
<td>99,044</td>
<td>99,581</td>
<td></td>
<td>99,125</td>
<td>99,865</td>
<td></td>
</tr>
<tr>
<td>Diluted shares outstanding:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>97,068</td>
<td>97,727</td>
<td></td>
<td>97,140</td>
<td>98,028</td>
<td></td>
</tr>
<tr>
<td>Dilutive effect of stock options</td>
<td>155</td>
<td>308</td>
<td></td>
<td>170</td>
<td>311</td>
<td></td>
</tr>
<tr>
<td>Restricted shares of common stock</td>
<td>1,976</td>
<td>1,854</td>
<td></td>
<td>1,985</td>
<td>1,837</td>
<td></td>
</tr>
<tr>
<td></td>
<td>99,199</td>
<td>99,889</td>
<td></td>
<td>99,295</td>
<td>100,176</td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock:</td>
<td>$0.09</td>
<td>$0.07</td>
<td></td>
<td>$0.18</td>
<td>$0.14</td>
<td></td>
</tr>
<tr>
<td>Distributed earnings</td>
<td>0.19</td>
<td>0.19</td>
<td></td>
<td>0.28</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Undistributed earnings</td>
<td>$0.28</td>
<td>$0.26</td>
<td></td>
<td>$0.46</td>
<td>$0.41</td>
<td></td>
</tr>
<tr>
<td>Restricted shares of common stock:</td>
<td>$0.08</td>
<td>$0.06</td>
<td></td>
<td>$0.17</td>
<td>$0.13</td>
<td></td>
</tr>
<tr>
<td>Distributed earnings</td>
<td>0.19</td>
<td>0.19</td>
<td></td>
<td>0.28</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Undistributed earnings</td>
<td>$0.27</td>
<td>$0.25</td>
<td></td>
<td>$0.45</td>
<td>$0.40</td>
<td></td>
</tr>
<tr>
<td>Total shares of common stock</td>
<td>$0.09</td>
<td>$0.07</td>
<td></td>
<td>$0.18</td>
<td>$0.14</td>
<td></td>
</tr>
<tr>
<td>Distributed earnings</td>
<td>0.19</td>
<td>0.19</td>
<td></td>
<td>0.28</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Undistributed earnings</td>
<td>$0.28</td>
<td>$0.26</td>
<td></td>
<td>$0.46</td>
<td>$0.41</td>
<td></td>
</tr>
<tr>
<td>Diluted earning per share:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock:</td>
<td>$0.09</td>
<td>$0.07</td>
<td></td>
<td>$0.18</td>
<td>$0.14</td>
<td></td>
</tr>
<tr>
<td>Distributed earnings</td>
<td>0.19</td>
<td>0.19</td>
<td></td>
<td>0.28</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Undistributed earnings</td>
<td>$0.28</td>
<td>$0.26</td>
<td></td>
<td>$0.46</td>
<td>$0.41</td>
<td></td>
</tr>
<tr>
<td>Restricted shares of common stock:</td>
<td>$0.08</td>
<td>$0.06</td>
<td></td>
<td>$0.17</td>
<td>$0.13</td>
<td></td>
</tr>
<tr>
<td>Distributed earnings</td>
<td>0.19</td>
<td>0.19</td>
<td></td>
<td>0.28</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Undistributed earnings</td>
<td>$0.27</td>
<td>$0.25</td>
<td></td>
<td>$0.45</td>
<td>$0.40</td>
<td></td>
</tr>
<tr>
<td>Total shares of common stock</td>
<td>$0.09</td>
<td>$0.07</td>
<td></td>
<td>$0.18</td>
<td>$0.14</td>
<td></td>
</tr>
<tr>
<td>Distributed earnings</td>
<td>0.19</td>
<td>0.19</td>
<td></td>
<td>0.28</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Undistributed earnings</td>
<td>$0.28</td>
<td>$0.26</td>
<td></td>
<td>$0.46</td>
<td>$0.41</td>
<td></td>
</tr>
</tbody>
</table>

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NOTE 6. FAIR VALUE MEASUREMENT

The Company’s financial instruments consist of cash and cash equivalents, short-term investments, trade and notes receivables, accounts payable and other short-term liabilities. The carrying amounts of these financial instruments approximate their fair values.

The Company has a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to $175.0 million, which includes a $75.0 million letter of credit subfacility, and a $10.0 million swingline subfacility. As of June 30, 2010, borrowings of $25.0 million were outstanding under the line of credit and no borrowings under the swingline subfacility. The fair value of outstanding borrowings at June 30, 2010 was approximately $24.5 million.

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, and Level 3 includes fair values estimated using significant non-observable inputs. The following table presents our nonqualified deferred compensation plan assets using the fair value hierarchy at June 30, 2010.

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$535</td>
<td>$535</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Available for sale securities</td>
<td>108</td>
<td>108</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>
Orkin, Inc., et al. as a result of the rendering of services by the defendant subsidiary. The subsidiaries are actively contesting these actions. Some lawsuits have been filed.

In the normal course of business, certain of the Company's subsidiaries are defendants in a number of lawsuits or arbitrations, which allege that plaintiffs have been damaged.

NOTE 9. CONTINGENCIES

Total amortization expense was approximately $9.9 million and $10.8 for the six months ended June 30, 2010 and 2009, respectively.

NOTE 7. GOODWILL

Goodwill represents the excess of the purchase price over the fair value of net assets of businesses acquired. The carrying amount of goodwill was $189.7 million as of June 30, 2010 and December 31, 2009. Goodwill generally changes due to acquisitions, finalization of allocation of purchase prices of previous acquisitions and foreign currency translations. The carrying amount of goodwill in foreign countries was $9.0 million as of June 30, 2010 and December 31, 2009.

The changes in the carrying amount of goodwill for the six months ended June 30, 2010, are as follows:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>At December 31, 2009</th>
<th>Goodwill adjustments due to currency translation</th>
<th>Goodwill as of June 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2009</td>
<td>$ 189,658</td>
<td></td>
<td>$ 189,668</td>
</tr>
<tr>
<td>Goodwill adjustments due to currency translation</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goodwill as of June 30, 2010</strong></td>
<td><strong>$ 189,668</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE 8. CUSTOMER CONTRACTS AND OTHER INTANGIBLE ASSETS

Customer contracts are amortized on a straight-line basis over the period of the agreements, as straight-line best approximates the ratio that current revenues bear to the total of current and anticipated revenues, based on the estimated lives of the assets. In accordance with FASB ASC 350 “Intangibles - Goodwill and other”, the expected lives of customer contracts were reviewed, and it was determined that customer contracts should be amortized over a life of 8 to 20 years dependent upon customer type. The carrying amount and accumulated amortization for customer contracts were as follows:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>At June 30, 2010</th>
<th>At December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Contracts</td>
<td>$ 206,444</td>
<td>$ 206,215</td>
</tr>
<tr>
<td>Less: Accumulated amortization</td>
<td>(92,585)</td>
<td>(85,039)</td>
</tr>
<tr>
<td><strong>Customer contracts, net</strong></td>
<td><strong>$ 113,859</strong></td>
<td><strong>$ 121,176</strong></td>
</tr>
</tbody>
</table>

The carrying amount of customer contracts in foreign countries was $3.9 million as of June 30, 2010 and $3.8 million as of December 31, 2009.

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

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>At June 30, 2010</th>
<th>At December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$ 19,815</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>$ 19,606</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>$ 18,285</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$ 17,406</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$ 14,399</td>
<td></td>
</tr>
</tbody>
</table>

NOTE 9. CONTINGENCIES

In the normal course of business, certain of the Company’s subsidiaries are defendants in a number of lawsuits or arbitrations, which allege that plaintiffs have been damaged as a result of the rendering of services by the defendant subsidiary. The subsidiaries are actively contesting these actions. Some lawsuits have been filed (John Maciel v. Orkin, Inc., et al.; Douglas F. Bracho, Jr. v. Orkin, Inc.; Khan V. Orkin, Inc., et al.; and Jennifer Thompson and Janet Flood v. Philadelphia Management Company, Parkway
NOTE 10.          STOCKHOLDERS’ EQUITY

During the second quarter ended June 30, 2010, the Company repurchased 756,828 shares of its $1 par value common stock at a weighted average price of $21.21 per share with a total of 886,928 shares repurchased during the six months ended June 30, 2010 at a weighted average of $20.92 per share compared to 700,400 at a weighted average price of $16.90 per share with a total of 1,303,800 shares repurchased during the six months ended June 30, 2009 at a weighted average of $16.11 per share.

Rollins, Inc. has had a buyback program in place for a number of years and has routinely purchased shares when it felt the opportunity was desirable. The Board authorized the purchase of 5.0 million additional shares of the Company’s common stock in October 2008. This authorization enables the purchase of Rollins, Inc. common stock when appropriate, which is an important benefit, resulting from the Company’s strong cash flows. The stock buy-back program has no expiration date. In total, 2.1 million additional shares may be purchased under its share repurchase program.

The following table summarizes the components of the Company’s stock-based compensation programs recorded as expense:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2010</th>
<th>Six Months ended June 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time lapse restricted stock:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-tax compensation expense</td>
<td>$2,346</td>
<td>$4,221</td>
</tr>
<tr>
<td>Tax benefit</td>
<td>(903)</td>
<td>(1,625)</td>
</tr>
<tr>
<td>Restricted stock expense, net of tax</td>
<td>$1,443</td>
<td>$2,596</td>
</tr>
</tbody>
</table>

Options activity outstanding under the Company’s stock option plan as of June 30, 2010 and changes during the six months ended June 30, 2010, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Shares</th>
<th>Weighted-Average Exercise Price</th>
<th>Weighted-Average Remaining Contractual Term (in years)</th>
<th>Aggregate Intrinsic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2009</td>
<td>435</td>
<td>$7.00</td>
<td>2.44</td>
<td>$5,348</td>
</tr>
<tr>
<td>Exercised</td>
<td>(159)</td>
<td>6.08</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Outstanding at June 30, 2010</td>
<td>277</td>
<td>$7.52</td>
<td>2.29</td>
<td>$3,644</td>
</tr>
<tr>
<td>Exercisable at June 30, 2010</td>
<td>277</td>
<td>$7.52</td>
<td>2.29</td>
<td>$3,644</td>
</tr>
</tbody>
</table>

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company’s closing stock price on the last trading day of the second quarter ended June 30, 2010 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on June 30, 2010. The amount of aggregate intrinsic value will change based on the fair market value of the Company’s stock.

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The aggregate intrinsic value of options exercised during the six months ended June 30, 2010 and June 30, 2009 was $2.4 million and $0.8 million, respectively. Exercise of options through the second quarter ended June 30, 2010 and 2009 resulted in cash receipts of $0.3 million and $0.1 million, respectively. The Company recognized a tax benefit of approximately $59 thousand during the quarter ended June 30, 2010, which has been recorded as an increase to paid-in capital, and recognized a tax benefit of $93
The following table summarizes information on unvested restricted stock outstanding as of June 30, 2010:

<table>
<thead>
<tr>
<th>Weighted-Average Grant-Date Fair Value</th>
<th>Number of Shares</th>
<th>(in thousands except per share data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unvested Restricted Stock Units at December 31, 2009</td>
<td>1,824</td>
<td>$15.46</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(25)</td>
<td>15.40</td>
</tr>
<tr>
<td>Vested</td>
<td>(444)</td>
<td>14.26</td>
</tr>
<tr>
<td>Granted</td>
<td>581</td>
<td>18.48</td>
</tr>
<tr>
<td><strong>Unvested Restricted Stock Units at June 30, 2010</strong></td>
<td><strong>1,936</strong></td>
<td><strong>$16.64</strong></td>
</tr>
</tbody>
</table>

At June 30, 2010 and December 31, 2009, the Company had $26.0 million and $19.9 million of total unrecognized compensation cost, respectively, related to time-lapse restricted shares that are expected to be recognized over weighted average periods of approximately 4.3 years and 3.9 years, respectively.

**NOTE 11.  COMPREHENSIVE (LOSS) INCOME**

The components of comprehensive (loss) income for the applicable periods are as follows:

<table>
<thead>
<tr>
<th>Comprehensive (loss) income:</th>
<th>Three Months Ended June 30,</th>
<th>Six Months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$27,700</td>
<td>$25,482</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(424)</td>
<td>(1,249)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td><strong>$27,276</strong></td>
<td><strong>$26,731</strong></td>
</tr>
</tbody>
</table>

**NOTE 12.  ACCRUAL FOR TERMITE CONTRACTS**

In accordance with FASB ASC No. 450 “Contingencies,” the Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future cost include termiticide life expectancy and government regulation.

A reconciliation of the beginning and ending balances of the accrual for termite contracts is as follows:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>June 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$10,000</td>
<td>$14,300</td>
</tr>
<tr>
<td>Current year provision</td>
<td>2,497</td>
<td>2,248</td>
</tr>
<tr>
<td>Settlements, claims and expenditures</td>
<td>(2,997)</td>
<td>(6,548)</td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td><strong>$9,500</strong></td>
<td><strong>$10,000</strong></td>
</tr>
</tbody>
</table>

**NOTE 13.  PENSION AND POST RETIREMENT BENEFIT PLANS**

The following represents the net periodic pension benefit costs and related components in accordance with FASB ASC No. 715 “Compensation - Retirement Benefits”:

<table>
<thead>
<tr>
<th>Components of Net Pension Benefit Cost</th>
<th>Three Months Ended June 30,</th>
<th>Six Months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest cost</td>
<td>$2,346</td>
<td>$2,383</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(2,789)</td>
<td>(2,743)</td>
</tr>
<tr>
<td>Amortization of net loss</td>
<td>278</td>
<td>240</td>
</tr>
<tr>
<td>Net periodic benefit cost (Gain)</td>
<td>(165)</td>
<td>(120)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,692</strong></td>
<td><strong>$4,766</strong></td>
</tr>
</tbody>
</table>

During the six months ended June 30, 2010, the Company made contributions to its defined benefit retirement plan (the “Plan”) of $0.6 million. The Company and management are considering making another contribution to the Plan of $5.0 million during the fiscal year ending December 31, 2010.

**NOTE 14.  PERIODIC INCOME TAX RATE**

The Company determines its periodic income tax expense based upon the current period income and the annual estimated tax rate for the Company, adjusted for any change to prior year estimates. The estimated tax rate is revised, if necessary, as of the end of each successive interim period during the fiscal year to the Company’s current annual estimated tax rate.

The tax rate for the three months ended June 30, 2010 and 2009 were 37.6% and 38.6% respectively. The tax rate for the six months ended June 30, 2010 and 2009 were 37.5% and 38.6% respectively.

The Company is under audit in various state jurisdictions and has received notice from a jurisdiction proposing adjustments to income. The Company is currently evaluating those adjustments and believes those adjustments are without merit and plans to vigorously defend itself. The Company does not believe that the matter will have a material adverse effect on the Company’s financial position, results of operations or liquidity; however, it is possible that an unfavorable outcome of some or all of this matter, however unlikely, could result in a charge that might be significant.

**ITEM 2.  MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Overview**

On July 28, 2010, Rollins, Inc. reported its 17th consecutive quarter of improved earnings of $27.7 million for the quarter ended June 30, 2010, as compared to $25.5 million for the prior year quarter, an 8.7% improvement. Revenues increased 5.0% to $298.8 million for the quarter as compared to $284.6 million for the prior year quarter.
Earnings for the quarter ended June 30, 2010 were $0.28 per diluted share, a 7.7% improvement over the $0.26 per diluted share reported the prior year quarter.

Improved earnings were $45.3 million for the six months ended June 30, 2010, as compared to $41.3 million for the prior year six months, a 9.7% improvement. Revenues increased 4.6% to $551.8 million for the six months as compared to $527.5 million for the prior year six months. Earnings for the six months ended June 30, 2010 were $0.46 per diluted share, a 12.2% improvement over the $0.41 per diluted share reported the prior year six months.

Rollins continues solid financial performance generating $59.0 million in cash from operations year to date. The Company has paid back, as of June 30, 2010, $65.0 million of the $90.0 million borrowed in April 2008 to finance the HomeTeam Pest Defense acquisition. In addition, the Company repurchased 756,828 shares of common stock at a weighted average price of $21.21 per share during the second quarter bringing the total number of shares repurchased year-to-date 886,928 at a weighted average of $20.92. In total, approximately 2.1 million additional shares may be repurchased under the Company’s share purchase program.

The Company expanded its global presence and announced that Orkin will begin offering pest control services in Turkey, Orkin’s 16th international franchise.

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Subsequent to the closing of the Company’s second quarter 2010, Rollins announced that it had signed a definitive agreement to acquire Waltham Services, Inc. Established in 1893, Waltham is a leading New England pest control company. Ranked the 33rd largest company in the industry prior to the acquisition, Waltham Services has annual revenues exceeding $17 million prior to the acquisition. The Company expects this acquisition to close effective August 1, 2010. Waltham will operate independently to preserve its successful brand, loyal customers and employees.

The Board of Directors, at its quarterly meeting on January 26, 2010, approved a 28.6% increase in the Company’s quarterly dividend to a cash dividend of $0.09 per share. This marked the eighth consecutive year the Board has increased its dividend a minimum of 12% or greater.

Results of Operations

The Company reported its 17th consecutive quarter of improved earnings with revenues rising to $298.8 million for the second quarter ended June 30, 2010, 5% better than second quarter last year with growth in all service lines.

Table: Consolidated Net Revenues (in thousands)  

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
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</thead>
<tbody>
<tr>
<td>First Quarter</td>
<td>$253,041</td>
<td>$242,972</td>
<td>$210,078</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>$298,803</td>
<td>$284,567</td>
<td>$284,499</td>
</tr>
</tbody>
</table>

THREE MONTHS ENDED JUNE 30, 2010 COMPARED TO THREE MONTHS ENDED JUNE 30, 2009

Revenues for the second quarter ended June 30, 2010 increased $14.2 million to $298.8 million or 5.0% compared to $284.6 million for the quarter ended June 30, 2009.

Commercial pest control amounted to approximately 40% of the Company’s revenues during the second quarter ended June 30, 2010 and grew 5.4% for the quarter compared to the quarter ended June 30, 2009. The Company’s commercial revenues were impacted favorably by an increase in selling price and a favorable foreign currency exchange rate, while showing an improvement in customer retention. Commercial fumigations were up 2.3% compared to the same period in 2009.

Residential pest control service which represents approximately 39% of Rollins’ revenues during the second quarter ended June 30, 2010, increased 4.7% compared to the same period in 2009. Residential sales increased due to an increase in the residential customer base, an increase in selling prices and a decrease in the cancellation rate. Residential leads, as well as the number of leads closed, increased.

Termite service revenue, which is approximately 21% of Rollins’ business for the second quarter ended June 30, 2010, increased 4.2% compared to the same period in 2009.

Additionally the Company is seeing strong growth in ancillary services. Mosquito control has seen an almost 20% increase over the prior year and the bed bug concern across the country has that line of service growing significantly as well.

Foreign operations accounted for approximately 8% of total revenues during the second quarter of 2010 and 7% for the same period in 2009. The increase of 1% is attributable to translation of foreign currency to United States dollars for the quarter ended June 30, 2010 compared to the same periods in 2009 primarily in the Company’s Canadian commercial pest control offering.

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The revenues of the Company are 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 change in seasons), has historically resulted in an increase in the Company’s revenues as evidenced by the following chart:
Cost of services provided for the second quarter ended June 30, 2010 increased $6.8 million or 4.8%, compared to the quarter ended June 30, 2009. Gross margin for the quarter increased to 50.3% for the second quarter versus 50.2% in the prior year. Slight improvements in productivity, favorable insurance and claims cost, as well as gains from sale of vehicles more than offset an increase in cost of fuel and personnel related costs, both health and employment taxes.

Depreciation and amortization expenses for the second quarter ended June 30, 2010 decreased $0.4 million to $9.0, a decrease of 4.3% from the prior year second quarter, as amortization of intangibles and customer contracts, from our 1999 acquisitions of PCO Canada are now fully amortized.

Sales, general and administrative expenses for the second quarter ended June 30, 2010 increased $5.0 million or 5.4%, to 32.4% of revenues, increasing from 32.3% for the second quarter ended June 30, 2009. Almost half of the dollar increase was due to sales and administrative staffing increases to handle the growth in the business while the increase as a percent of revenues was driven by higher personnel related costs, both health and employments taxes as well as consulting costs.

Interest expense, net for the second quarter ended June 30, 2010 decreased to $66 thousand compared to $259 thousand for the second quarter ended June 30, 2009. Interest expense is comprised primarily of interest on the Company’s debt related to the April 2008 acquisition of HomeTeam.

Income Taxes for the second quarter ended June 30, 2010 increased to $16.7 million, a 4.0% increase from $16.0 million reported second quarter 2009, and reflects increased pre-tax income over the prior year period. The effective tax rate was 37.6% for the second quarter ended June 30, 2010 versus 38.6% for the second quarter ended June 30, 2009, primarily due to differences in state tax rates.

SIX MONTHS ENDED JUNE 30, 2010 COMPARED TO SIX MONTHS ENDED JUNE 30, 2009

Revenues for the six month period ended June 30, 2010, increased to $551.8 million compared to $527.5 for the period ended June 30, 2009.

Commercial pest control amounted to approximately 41% of the Company’s revenues during the first six months ended June 30, 2010 and increased 5.9% compared to the same period 2009. The Company expanded it sales staff in the first quarter and has been favorably impacted with local sales increases and improvements in national account revenues.

Residential pest control which represents approximately 39% of the Company’s revenues during the first six months ended June 30, 2010, increased 3.7% compared to the same period in 2009. The fundamentals for growth in residential revenue, leads, pricing and retention are all up for the year.

Termite service revenue, which is approximately 20% of the Company’s business for the first six months ended June 30, 2010, increased 3.3% compared to the same period in 2009.

Foreign operations accounted for approximately 8% of total revenues for the first six months of 2010 and 7% for the same period in 2009. The increase of 1% is attributable to translation of foreign currency to United States dollars for the six months ended June 30, 2010 compared to the same periods in 2009 primarily in the Company’s Canadian commercial pest control offering.

Critical Accounting Policies

The Company views its 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. The Company believes its critical accounting policies to be as follows:

Accrual for Termite Contracts—The Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future cost include chemical life expectancy and government regulation. It is significant that the actual number of claims has decreased in recent years due to changes in the Company’s business practices. However, it is not possible to precisely predict future significant claims. Positive changes to our business practices include revisions made to our contracts, more effective treatment methods, more effective termitecides, and expanding training.

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 accidents 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 an estimated liability based upon historical claims information. The actuarial study is a major consideration, along with management’s knowledge of changes in business practices and existing claims compared to current balances. The reserve is established based on all these factors. Due to the uncertainty associated with the estimation of future loss and expense payments and inherent limitations of the data, actual developments may vary from the Company’s projections. This is particularly true since critical assumptions regarding the parameters used to develop reserve estimates are largely based upon judgment. Therefore, changes in estimates may be material. 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 have been decreasing due to the Company’s proactive risk management to develop and maintain ongoing programs. Initiatives that have been implemented include pre-employment screening and an annual motor vehicle report required on all its drivers, 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 on a monthly or bi-monthly basis, 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. Termiticide baiting revenues are recognized based on the delivery of the individual units of accounting. At the inception of a new baiting services contract upon quality control review of the installation, the Company recognizes revenue for the delivery of the monitoring stations, initial directed liquid termite treatment and installation of the monitoring services. The amount deferred is the fair value of monitoring services to be rendered after the initial service. Fair values are generally established based on the prices charged when sold separately by the Company. The amount deferred for the undelivered monitoring element 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 renewal revenue is deferred and recognized over the annual contract period on a straight-line basis that approximates the timing of performing the required monitoring visits.

Revenue received for traditional termite treatments is deferred and recognized on a straight-line basis over the remaining contract term; and, the cost of reinspections, reaplications and repairs and associated labor and chemicals are expensed as incurred. For outstanding claims, an estimate is made of the costs to be incurred (including legal costs) based upon current factors and historical information. The performance of reinspections tends to be close to the contract renewal date and, while reaplications and repairs involve an insubstantial number of the contracts, these costs are incurred over the contract term. As the revenue is being deferred, the future cost of reinspections, reaplications and repairs and associated labor and chemicals applicable to the deferred revenue are expensed as incurred. The Company accurs for noticed claims. The costs of providing termite services upon renewal are compared to the expected revenue to be received and a provision is made for any expected losses.

As the revenue is being deferred, the future cost of reinspections, reaplications and repairs and associated labor and chemicals applicable to the deferred revenue are expensed as incurred and no longer accrued. The Company will continue to accrue for noticed claims.

Contingency Accruals—The Company is a party to legal proceedings with respect to matters in the ordinary course of business. In accordance with FASB ASC No. 450 "Contingencies," the Company estimates and accrues for its liability and costs associated with the litigation. Estimates and accruals are determined in consultation with outside counsel. Because it is not possible to accurately predict the ultimate result of the litigation, judgments concerning accruals for liabilities and costs associated with litigation are inherently uncertain and actual liability may vary from amounts estimated or accrued. However, in the opinion of management, the outcome of the litigation will not have a material adverse impact on the Company’s financial condition or results of operations.

Defined benefit pension plan — In 2002, the Company ceased all future benefit accruals under the defined benefit plan, although the Company remains obligated to provide employees benefits earned through March 2002. The Company accounts for the defined benefit plan in accordance with FASB ASC No. 715 "Compensation Retirement Benefits", and engages an outside actuary to calculate its obligations and costs. With the assistance of the actuary, the Company evaluates the significant assumptions used on a periodic basis including the estimated future return on plan assets, the discount rate, and other factors, and makes adjustments to these liabilities as necessary.

The Company chooses an expected rate of return on plan assets based on historical results for similar allocations among asset classes, the investments strategy, and the views of our investment adviser. Differences between the expected long-term return on plan assets and the actual return are amortized over future years. Therefore, the net deferral of past asset gains (losses) ultimately affects future pension expense. The Company’s assumption for the expected return on plan assets for 2010 remains the same as its 2009 actual return on plan assets at 7 percent.

The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, the Company utilizes a yield curve approach. The approach utilizes an economic model whereby the Company’s expected benefit payments over the life of the plan is forecasted and then compared to a portfolio of corporate bonds that will mature at the same time that the benefit payments are due in any given year. The economic model then calculates the one discount rate to apply to all benefit payments over the life of the plan which will result in the same total lump sum as the payments from the corporate bonds. A lower discount rate increases the present value of benefit obligations. The discount rate was 6.01 percent as of December 31, 2009 compared to 6.81 percent in 2008 and 6.25 percent in 2007.

At December 31, 2009, the defined benefit plan was under-funded and the recorded change within accumulated other comprehensive income decreased stockholders’ equity by $458 thousand before tax.

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Liquidity and Capital Resources

Cash and Cash Flow

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Six Months Ended</th>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$59,037</td>
<td>$64,095</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(6,564)</td>
<td>(9,121)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(42,637)</td>
<td>(46,451)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash</td>
<td>(54)</td>
<td>336</td>
<td></td>
<td></td>
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<tr>
<td>Net increase in cash and cash equivalents</td>
<td>9,782</td>
<td>8,859</td>
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<td>Cash and cash equivalents at beginning of period</td>
<td>9,504</td>
<td>13,716</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$19,286</td>
<td>$22,675</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Company believes its current cash and cash equivalents balances, future cash flows expected to be generated from operating activities and available borrowings under its $175.0 million credit facility will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future. The Company’s operating activities generated net cash of $59.0 million for the six months ended June 30, 2010, compared with cash provided by operating activities of $64.1 million for the
same period in 2009.

The Company and management made a contribution of $0.6 million during the six months ended June 30, 2010, and are considering making a contribution to its defined benefit retirement plan (the “Plan”) of $5.0 million during fiscal 2010. In the opinion of management, Plan contributions will not have a material effect on the Company’s financial position, results of operations or liquidity.

The Company invested approximately $4.5 million in capital expenditures during the first six months ended June 30, 2010, compared to $6.1 million during the same period in 2009, and expects to invest approximately $8.0 million for the remainder of 2010. Capital expenditures for the first six months consisted primarily of the purchase of equipment replacements and technology related projects. During the first six months ended June 30, 2010, the Company made expenditures for acquisitions totaling $2.2 million, compared to $3.0 million during the same period in 2009. Cash on hand and borrowings under a senior unsecured revolving credit facility primarily funded expenditures for acquisitions. A total of $179.9 million was paid in cash dividends ($0.18 per share) during the first six months of 2010, compared to $14.0 million or ($0.14 per share) during the same period in 2009. The Company repurchased 0.9 million shares during the first six months of 2010 of its $1 par value common stock at a weighted average price of $20.92. The capital expenditures and cash dividends were funded through existing cash balances, operating activities and borrowings under a senior unsecured revolving credit facility. In total, approximately 2.1 million additional shares may be repurchased under the Company’s share purchase program.

Rollins’ balance sheet as of June 30, 2010, includes short-term unearned revenues of $93.5 million dollars, representing almost 8% of our annual revenue. This represents cash paid to the Company by its customers in advance of services that will be recognized over the next twelve months.

The Company’s $19.3 million of total cash at June 30, 2010, includes approximately $1.8 million invested in various money market funds. The remaining $17.5 million of cash at June 30, 2010 is primarily cash held at various banking institutions. Approximately $7.2 million is held in cash accounts at international bank institutions and the remaining $10.3 million is primarily held in non-interest-bearing accounts at various domestic banks. Late in 2008 and later updated in August 2009, the Federal Deposit Insurance Corporation approved a final rule to strengthen the agency’s Temporary Liquidity Guarantee Program. This program guarantees newly issued senior unsecured debt of banks, thrifts, and certain holding companies, and provides full coverage of non-interest bearing deposit transaction accounts. Under this program, participating institutions will be able to provide customers full coverage (above the current $250,000 level) on non-interest bearing accounts, which currently will be in effect until December 31, 2010. Some of the domestic banks where our balances exceed $250,000 chose to opt out of this program, effective January 1, 2010.

On March 28, 2008, the Company entered into a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to $175 million, which includes a $75 million letter of credit subfacility, and a $10 million swingline subfacility. As of June 30, 2010, borrowings of $25.0 million were outstanding under the line of credit and no borrowings were outstanding under the swingline subfacility. The Company maintains approximately $30.3 million in letters of credit, which reduces its borrowing capacity under the credit facility. These letters of credit are required by the Company’s fronting companies and/or certain states, due to the Company’s self-insured status, to secure various workers’ compensation and casualty insurance contracts, although the Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate such claims. The Revolving Credit Agreement is guaranteed by certain of Rollins’ domestic subsidiaries. The maturity date of the Credit Agreement is March 27, 2013. Outstanding balances of individual tranches under the Credit Agreement currently mature within twelve months. Revolving loans under the Revolving Credit Agreement bear interest at one of the following two rates, at the Company’s election:

- the Base Rate, which is the greater of (i) SunTrust Bank’s “prime rate” for the day of the borrowing, (ii) a fluctuating rate per annum equal to the Federal Funds Rate plus 0.50% and (iii) the adjusted LIBOR determined on a daily basis for an interest period of one month; or
- with respect to any Eurodollar borrowings, Adjusted LIBOR (which equals LIBOR as increased to account for the maximum reserve percentages established by the U.S. Federal Reserve) plus an additional amount, which varies between 0.50% and 0.75%, based upon Rollins’ then-current debt-to-EBITDA ratio. As of June 30, 2010, the additional rate allocated was 0.50%.

As of June 30, 2010, the effective interest rate on the outstanding borrowing under the line of credit was 0.85%. The Revolving Credit Agreement contains customary terms and conditions, including, without limitation, certain financial covenants including covenants restricting the Company’s ability to incur certain indebtedness or liens, or to merge or consolidate with or sell substantially all of its assets to another entity. Further, the Revolving Credit Agreement contains financial covenants restricting the Company’s ability to permit the ratio of the Company’s consolidated debt to EBITDA to exceed 2.5 to 1.

The Company remained in compliance with applicable debt covenants at June 30, 2010 and expects to maintain compliance throughout 2010.

**Litigation**

Orkin, one of the Company’s subsidiaries, is aggressively defending the following lawsuits in which the plaintiffs are seeking class certification: John Maciel v. Orkin, Inc., et al. (pending in the Superior Court of Los Angeles County, California); Douglas F. Bracho v. Orkin, Inc. (pending in the Superior Court of Orange County, California); and Khan v. Orkin, Inc., et al. (pending in the United States District Court for the Northern District of California). In the Maciel v. Orkin case a new date for a class certification hearing has not been scheduled. The Bracho case was recently filed and served and has not been scheduled for a class certification hearing. The Khan case was recently filed and served and has not been scheduled for a class certification hearing. Western, another of the Company’s subsidiaries, is aggressively defending the Jennifer Thompson and Janet Flood v. Philadelphia Management Company, Parkway Associated, Parkway House Apartments, Barbara Williams, and Western Pest Services lawsuit (pending in the Court of Common Pleas of Philadelphia County, Pennsylvania) in which the plaintiffs are seeking class certification. Other lawsuits against Orkin, Western and other subsidiaries of the Company, and in some instances the Company, are also being vigorously defended. For further discussion, see Note 9 to the accompanying financial statements.

**New Accounting Standards**

**Recently Adopted Accounting Pronouncements**

In January 2010, the FASB issued ASU 2010-06, “Fair Value Measurements and Disclosures,” which amends the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires disclosure of transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy, including the reasons and the timing of the transfers and information on purchases, sales, issuance, and settlements on a gross basis in the reconciliation of the assets and liabilities measured under Level 3 of the fair value measurement hierarchy. The guidance is effective for annual and interim reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual and interim periods beginning after December 15, 2010. The Company adopted these amendments in the first quarter of 2010 and the adoption did not have a material impact on the disclosures of (in) the Company’s consolidated financial statements.
Recently Issued Accounting Pronouncements Not Yet Adopted

In September 2009, the FASB issued certain amendments as codified in ASC Topic 605-25, “Revenue Recognition; Multiple-Element Arrangements.” These amendments provide clarification on whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. An entity is required to allocate revenue in an arrangement using estimated selling prices of deliverables in the absence of vendor-specific objective evidence or third-party evidence of selling price. These amendments also eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method. The amendments significantly expand the disclosure requirements for multiple-deliverable revenue arrangements. These provisions are to be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with earlier application permitted. The Company will adopt the provisions of these amendments in its fiscal year 2011 and is currently evaluating the impact of these amendments to its consolidated financial statements.

There were various other accounting standards and interpretations issued during 2009 and 2010 to April 30, 2010 that the Company has not yet been required to adopt, none of which are expected to have a material impact on the Company’s financial position, operations or cash flows.

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, without limitation, the Company’s expectation to maintain compliance with debt covenants; the effect of the future adoption of recent accounting pronouncements on the Company’s financial statements; statements regarding management’s expectation regarding the effect of the ultimate resolution of pending legal actions on the Company’s financial position, results of operation and liquidity; management’s belief that future costs of the Company for environmental matters will not be material to the Company’s financial condition, operating results, and liquidity; the Company’s expectation about the timing of closing the Waltham Services acquisition and plans to preserve its successful brand, loyal customers and employees in the future; the Company’s belief that its current cash and cash equivalent balances, future cash flows expected to be generated from operating activities and available borrowings will be sufficient to finance its current operations and obligations, and fund planned investments for expansion of the business for the foreseeable future; possible defined benefit retirement plan contributions and their effect on the Company’s financial position, results of operations and liquidity; estimated 2010 capital expenditures; the Company’s belief that it has adequate liquid assets, funding sources and insurance accruals to accommodate various workers compensation and casualty insurance contracts; and the Company’s belief that interest rate exposure and foreign exchange rate risk will not have a material effect on the Company’s results of operations going forward. 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 pending litigation; general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company’s termite process and pest control selling and treatment methods; the Company’s ability to identify and integrate potential acquisitions; climate and weather conditions; competitive factors and pricing practices; our ability to attract and retain skilled workers, and 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. A more detailed discussion of potential risks facing the Company can be found in the Company’s Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2009. The Company does not undertake to update its forward looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2010, the Company maintained an investment portfolio (included in cash and cash equivalents) subject to short-term interest rate risk exposure. The Company is subject to interest rate risk exposure through borrowings on its $175 million credit facility. 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 going forward. There have been no material changes to the Company’s market risk exposure since the end of fiscal year 2009.

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ITEM 4. CONTROL 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 operation of our disclosure controls and procedures, as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of June 30, 2010. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level such that the material information relating to Rollins, Inc., including our consolidated subsidiaries, and 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 and was made known to them by others within those entities, particularly during the period when this report was being prepared.

In addition, management’s quarterly evaluation identified no changes in our internal control over financial reporting during the second quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of June 30, 2010 we did not identify any material weaknesses in our internal controls, and therefore no corrective actions were taken.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 9 to Part I, Item 1 for discussion of certain litigation.

Item 1A. Risk Factors

See the Company’s risk factors disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers
Shares repurchased by Rollins and affiliated purchases during the second quarter ended June 30, 2010 were as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of shares Purchased</th>
<th>Weighted-Average Price paid per Share</th>
<th>Total number of shares purchased as part of publicly announced repurchases (1)</th>
<th>Maximum number of shares that may yet be purchased under the repurchase plans (1)</th>
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</thead>
<tbody>
<tr>
<td>April 1 to 30, 2010</td>
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<td>$21.21</td>
<td>756,828</td>
<td>2,064,663</td>
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<tr>
<td>May 1 to 31, 2010</td>
<td>454,231</td>
<td>21.35</td>
<td>454,231</td>
<td>2,367,260</td>
</tr>
<tr>
<td>June 1 to 30, 2010</td>
<td>302,597</td>
<td>20.99</td>
<td></td>
<td>2,064,663</td>
</tr>
<tr>
<td>Total</td>
<td>756,828</td>
<td>$21.21</td>
<td>756,828</td>
<td>2,064,663</td>
</tr>
</tbody>
</table>

See Note 10 to this Form 10-Q for additional information.

Recent Share Purchases of Equity Securities by Directors and Executive Officers.

<table>
<thead>
<tr>
<th>Person</th>
<th>Shares Purchased</th>
<th>Price Paid per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>William J. Rollins</td>
<td>2,064,663</td>
<td>22.10</td>
</tr>
</tbody>
</table>
These shares were repurchased under the October 2008 plan to repurchase up to 5.0 million shares of the Company's common stock. This plan has no expiration date.

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(a) Exhibits

(3) (i) (A) Restated Certificate of Incorporation of Rollins, Inc. dated July 28, 1981, incorporated herein by reference to Exhibit (3)(i)(A) as filed with the registrant’s Form 10-Q filed August 1, 2006.


(C) Certificate of Change of Location of Registered Office and of Registered Agent dated March 22, 1994, incorporated herein by reference to Exhibit (3)(i)(C) filed with the registrant’s Form 10-Q filed August 1, 2006.


(ii) Amended and Restated By-laws of Rollins, Inc., incorporated herein by reference to Exhibit 3.1 as filed with the registrant’s Form 8-K dated October 23, 2007.

(4) Form of Common Stock Certificate of Rollins, Inc., incorporated herein by reference to Exhibit 3.1 as filed with its Form 10-K for the year ended December 31, 1998.

(31.1) Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(31.2) Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32.1) Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

I, Gary W. Rollins, certify that:

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

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 30, 2010

/s/Gary W. Rollins
Gary W. Rollins, Chief Executive Officer, President and Chief Operating Officer
(Principal Executive Officer)
I, Harry J. Cynkus, certify that:

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

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 30, 2010

/s/Harry J. Cynkus
Harry J. Cynkus
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial and Accounting Officer)
CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rollins, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the period ended June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2010
By: /s/ Gary W. Rollins
Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer
(Principal Executive Officer)

Date: July 30, 2010
By: /s/ Harry J. Cynkus
Harry J. Cynkus
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial and Accounting Officer)

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.