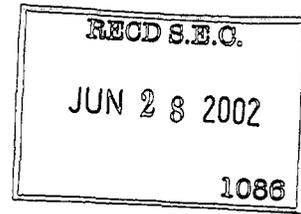




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FORM 11-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the fiscal year ended December 31, 2001

PROCESSED

JUL 16 2002

OR

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

For the transition period from _____ to _____

Commission file number 1-4174

A. Full title of the plan:

Mid-South PACE Savings and Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172

INDEX TO FINANCIAL STATEMENTS

Report of independent auditors

Audited financial statements

Statements of net assets available for benefits
at December 31, 2001 and 2000

Statement of changes in net assets available for
benefits for the year ended December 31, 2001

Notes to Financial Statements

Supplemental schedule

Schedule

Schedule of assets (held at end of year)

1



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Report of Independent Auditors

The Administrative Committee
Mid-South PACE Savings and Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the Mid-South PACE Savings and Retirement Plan as of December 31, 2001 and 2000, and the related statement of changes in net assets available for benefits for the year ended December 31, 2001. These financial statements are the responsibility of the Plan's Administrative Committee. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2001 and 2000, and the changes in its net assets available for benefits for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2001, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's Administrative Committee. The supplemental schedule has been subjected to auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

June 27, 2002

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Assets:		
Investments	\$14,260,704	\$15,476,576
Participant contributions receivable	22,538	90,219
Employer contributions receivable	22,044	83,002
Other receivables	<u>-</u>	<u>8,205</u>
Total assets	14,305,286	15,658,002
Liabilities:		
Other payables	<u>-</u>	<u>375</u>
Total liabilities	<u>-</u>	<u>375</u>
Net assets available for benefits	<u>\$14,305,286</u>	<u>\$15,657,627</u>

See accompanying notes.

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2001

Contributions:	
Participant	\$ 746,471
Employer	633,319
Rollover	<u>22,790</u>
Total contributions	1,402,580
Net investment income (loss):	
Dividends	220,587
Interest	<u>56,805</u>
Total dividend and interest income	277,392
Net depreciation in fair value of investments	(1,956,761)
Investment expense	<u>(1,644)</u>
Total net investment loss	(1,681,013)
Withdrawals	1,073,908
Decrease during the year	(1,352,341)
Net assets available for benefits at beginning of year	<u>15,657,627</u>
Net assets available for benefits at end of year	<u><u>\$14,305,286</u></u>

See accompanying notes.

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Note 1--Significant accounting policies and description of Plan

The information included below regarding the Mid-South PACE Savings and Retirement Plan (the "Plan") provides only a general description of the Plan. Participants should refer to the Plan agreement and Summary Plan Description for a more complete description of the Plan's provisions.

General

The Plan, as amended and restated, is a defined contribution plan as defined by the Internal Revenue Code of 1986 ("Code"). The Plan was established for the benefit of the hourly employees of MAPCO Petroleum Inc. ("Company") who are covered by a collective bargaining agreement between the Company and Paper, Allied-Industrial, Chemical & Energy Workers International Union Local No. 5-631 and/or No. 5-206. The Company is a wholly owned subsidiary of The Williams Companies, Inc. ("Williams").

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

Prior to July 1, 2001, Wells Fargo Bank was the trustee and Merrill Lynch was the recordkeeper for the Plan. As of July 1, 2001, Fidelity Management Trust Company became the trustee and Fidelity Investments Institutional Operations Company, Inc. became the recordkeeper for the Plan.

Investment valuation and income recognition

Investments in common stock are stated at fair market value based on closing market quotes. Shares of mutual funds are valued based on published market prices, which represent the net asset values of the shares held by the Plan at year-end. The fair value of the common collective trust is based on the fair value of the underlying investments as determined by the trustee of the fund. Participant loans are carried at their outstanding balances, which approximate fair value.

Purchases and sales of securities are reflected on a trade-date basis.

Dividend income is recorded on the ex-dividend date.

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001

Note 1--Significant accounting policies and description of Plan (continued)

Risk and uncertainties

The Plan provides for various investments in common stock, mutual funds and a common collective trust. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits and participant account balances.

Contributions

Participant contributions are recorded when the Company makes payroll deductions from Plan participants. Company contributions are accrued in the period in which they become obligations of the Company. Each participant has an Employee Contribution Account, consisting of an After-Tax Account, Pre-Tax Account and Rollover Contribution Account, and an Employer Contribution Account.

The Plan is a defined contribution plan to which a participant may allot from 1 percent to 15 percent (1 percent to 8 percent for Highly Compensated Employees) of his compensation per pay period on a pre-tax basis, an after-tax basis or a combination of both. The Company will contribute an amount equal to 6 percent of eligible participants' compensation. The maximum Pre-Tax Account contribution percentage is subject to periodic adjustment to comply with Internal Revenue Service ("IRS") regulations.

Participants may elect investment of both employer and employee contributions in a variety of mutual funds, a common collective trust, a self-directed fund, or Williams common stock, provided they allocate their contribution in multiples of 1 percent. A participant may change his investment direction from time to time, subject to certain limitations.

Directed share program

On October 1, 1999, in conjunction with the initial public offering of Williams Communications Group, Inc. ("WCG") common stock, eligible Plan participants were allowed to purchase WCG common stock at the initial public offering price utilizing certain Plan assets as defined. The shares purchased through this program may be subsequently sold but no additional shares may be purchased with either future contributions or conversion of funds.

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001

Note 1--Significant accounting policies and description of Plan (continued)

Vesting

A participant has a non-forfeitable vested interest in the current fair market value of the assets purchased with his contributions. A participant becomes 100 percent vested in the Company contributions upon completion of five years of service. In addition, a participant's account becomes fully vested by reason of his death, total and permanent disability, reaching normal retirement age, meeting requirements for early retirement, permanent layoff or permanent reduction in work force, complete discontinuance of employer contributions, or termination or partial termination of the Plan. Payment of benefits is made in Williams common stock, WCG common stock or cash at the participant's discretion.

Company contributions which are not vested at the time a participant withdraws from the Plan by reason of termination of employment are used for certain items as specified in the Plan including the reduction of future Company contributions.

In-service withdrawals

Withdrawals from a participant's Employee Contribution Account may be made if he has suffered a financial hardship condition and has met certain restrictions, as defined. Upon electing a financial hardship withdrawal, a participant is suspended from participation in the Plan for six months.

Participant loans

The Plan permits participants to obtain a loan of their account balances within specified limitations. Periodic principal and interest payments are reinvested in various investment options as directed by the participant. The interest rate is equal to the prime rate of interest plus one percentage point or such other rate as the Administrative Committee shall specify.

Plan changes

In March 2001, the board of directors of Williams approved a tax-free spin-off of the Williams' communications business, WCG, to Williams' shareholders. Williams distributed 398.5 million shares, or approximately 95 percent of the WCG common stock held by Williams, to holders of record of Williams' common stock. Distribution of .822399 of a share of WCG common stock for each share of Williams' common stock occurred on April 23, 2001. Subsequently, participants were able to direct the investment of the WCG shares received through the spin-off applicable to the Williams shares held in their account as a result of participant and employer contributions.

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

Note 1--Significant accounting policies and description of Plan (continued)

Other

Each participant has his/her own individual account, and contributions and investment earnings are recorded to individual participant accounts upon receipt. Plan investments are valued daily. The market value per share of each fund is multiplied by the number of shares of the fund held in a participant's account to arrive at his/her account balance.

While Williams or the Company have not expressed any intent to terminate the Plan, they may do so at any time subject to the terms and conditions of the collective bargaining agreement. In the event of termination, each participant becomes fully vested to the extent of the balance in his Employer Contribution Account.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Plan's Administrative Committee to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2--Investments

The following investments represent 5 percent or more of the Plan's net assets at December 31:

	<u>2001</u>	<u>2000</u>
Fidelity Managed Income Portfolio II	\$2,790,256	\$ -
Morley Capital Taft-Hartley Stable Value Fund	-	2,396,973
Fidelity Puritan Fund	911,437	*
INVESCO Total Return Fund	-	837,118
Vanguard Institutional Index Fund	2,173,693	2,545,146
Fidelity Contrafund	4,988,273	6,094,362
The Williams Companies, Inc. common stock	1,393,233	1,627,134

* Investment was not 5 percent or more of the Plan's net assets at December 31, 2000.

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

Note 2--Investments (continued)

During 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

Mutual funds	\$(1,345,146)
Common stock	(687,119)
Common collective trust	<u>75,504</u>
	<u>\$(1,956,761)</u>

At December 31, 2001, the Plan held Williams and WCG Common Stock valued at \$1,393,233 and \$116,402, respectively. As of June 2002, the Williams Common Stock has declined in value to approximately \$5.75 at June 26, 2002. Additionally, on April 22, 2002, WCG filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. As of June 26, 2002, the WCG shares have declined in value to approximately \$ 0.022.

Note 3--Tax status and federal income taxes

The Plan has received a determination letter from the IRS dated November 30, 1994, stating that the Plan, as amended, is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since receiving the determination letter and the Company has submitted a request with the IRS for determination on the continued qualification of the Plan. The Administrative Committee believes the Plan, as amended, is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

SUPPLEMENTAL SCHEDULE

MID-SOUTH PACE SAVINGS AND RETIREMENT PLAN
 EIN: 75-1287220 PLAN: 003
 Schedule H, Line 4i
 Schedule of Assets (Held at end of year)
 December 31, 2001

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost**	(e) Current Value
*	Fidelity Managed Income Portfolio II	2,790,256 shares of a fund investing in investment contracts offered by major insurance companies and other approved financial institutions and in certain types of fixed-income securities.		\$ 2,790,256
	PIMCO Total Return Fund	2,437 shares of a fund investing in all types of bonds including U.S. government, corporate, mortgage, and foreign.		25,494
*	Fidelity Puritan Fund	51,581 shares of a fund investing primarily in stocks and other equity securities and to a lesser extent in bonds and other debt securities, both domestic and foreign.		911,437
	Vanguard Institutional Index Fund	20,724 shares of a fund investing in all 500 stocks in the S&P 500 Index in approximately the same proportion as they are represented in the Index.		2,173,693
	Vanguard Equity Income Fund	7,598 shares of a fund investing primarily in dividend paying equity securities. The fund may also invest up to 20% of its assets in bonds and money market securities.		172,548
*	Fidelity Contrafund	116,630 shares of a fund investing primarily in common stocks, both domestic and foreign.		4,988,273
*	Fidelity Magellan Fund	4,760 shares of a fund investing primarily in common stocks, both domestic and foreign.		496,078
	Putnam Voyager Fund A	9,672 shares of a fund investing primarily in common stocks of well-known, established companies, as well as in smaller, less well known companies		167,322
	T. Rowe Price Small-Cap Fund	134 shares of a fund investing primarily in stocks and equity-related securities of small companies.		3,389
*	Fidelity Diversified International Fund	3,804 shares of a fund investing in foreign securities, primarily common stocks.		72,586
*	Fidelity Freedom Income Fund	6 shares of an asset allocation mutual fund investing in Fidelity stock, bond and money market mutual funds.		67
*	The Williams Companies, Inc.	54,594 shares of common stock.		1,393,233
*	Williams Communications Group, Inc.	49,533 shares of common stock.		116,402
	Self-Directed Fund	A self-directed fund allowing participants to invest in publicly traded stocks, mutual funds and bonds at their discretion.		314,366
*	Participant Loans	Loans extended to participants at interest rates of 5.75% to 10.5%.		635,560
*	Party-in-Interest			
**	Column not applicable for participant directed investments			<u>\$14,260,704</u>

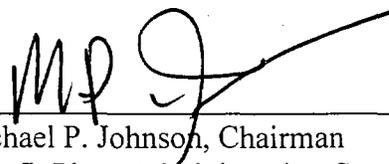
SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the plan) have duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized.

MID-SOUTH PACE SAVINGS AND
RETIREMENT PLAN

(Name of Plan)

By

A handwritten signature in black ink, appearing to read 'MPJ', is written over a horizontal line. The signature is stylized and cursive.

Michael P. Johnson, Chairman
Benefit Plans Administrative Committee

Date: June 27, 2002

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-90265) pertaining to the Mid-South PACE Savings and Retirement Plan of our report dated June 27, 2002, with respect to the financial statements and schedule of the Mid-South PACE Savings and Retirement Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2001.

Ernst & Young LLP

Tulsa, Oklahoma
June 27, 2002