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MILLENNIUM CHEMICALS INC  
Form 11-K  
June 28, 2004

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 11-K  
ANNUAL REPORT  
Pursuant to Section 15(d) of the  
Securities Exchange Act of 1934

(X) ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED, EFFECTIVE  
OCTOBER 7, 1996)  
For the Fiscal Year Ended December 31, 2003.

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 333-53139  
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A. Full title of the Plan and the address of the  
Plan, if different from that of the issuer named below:

MILLENNIUM CHEMICALS INC.  
SALARY AND BONUS DEFERRAL PLAN

(the "Plan")

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

Millennium Chemicals Inc.  
20 Wight Avenue, Suite 100  
Hunt Valley, Maryland 21030

Millennium Chemicals Inc.  
Salary and Bonus Deferral Plan  
December 31, 2003 and 2002

Millennium Chemicals Inc.

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Millennium Chemicals Inc.

Salary and Bonus Deferral Plan  
Statements of Financial Condition

	December 31,	
	2003	2002
<b>Assets</b>		
-----		
Investments		
Investment in Company common stock, at fair value (Note 4)	\$ 5,328,293	\$ 4,194,193
Total investments	5,328,293	4,194,193
Receivables		
Employee contributions	-	27,158
Employer contributions	-	1,222
Total receivables	-	28,380
Cash	-	832
Total Assets	5,328,293	4,223,405
<b>Liabilities</b>		
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Accounts payable	-	(832)
Total Liabilities	-	(832)
Plan Equity	\$ 5,328,293	\$ 4,222,573

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

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Millennium Chemicals Inc.

Salary and Bonus Deferral Plan  
 Statements of Income and Changes in Plan Equity  
 For the Years Ended December 31, 2003 and 2002

	December 31,	
	2003	2002
<b>Additions</b>		
<hr style="border-top: 1px dashed black;"/>		
Dividends and interest	\$ 115,034	\$ 232,995
Participant contributions	-	33,845
Unrealized appreciation	1,403,682	-
Employer contributions	-	1,523
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total additions	1,518,716	268,363
<hr style="border-top: 1px dashed black;"/>		
<b>Deductions</b>		
<hr style="border-top: 1px dashed black;"/>		
Realized loss	\$ 87,634	\$ 246,099
Unrealized depreciation	-	1,113,880
Distributions to participants	325,362	583,674
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Total deductions	- 412,996	1,943,653
<hr style="border-top: 1px dashed black;"/>		
Net increase (decrease) during year	- 1,105,720	(1,675,290)
Plan equity, beginning of year	4,222,573	5,897,863
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Plan equity, end of year	\$ 5,328,293	\$ 4,222,573
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The accompanying notes are an integral part of these financial statements.

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Millennium Chemicals Inc.

Salary and Bonus Deferral Plan  
 Notes to Financial Statements

1. Plan Description

On October 8, 1996, Millennium Chemicals Inc. (the "Company") adopted the Millennium Chemicals Inc. Salary and Bonus Deferral Plan (the "Plan") for the benefit of a select group of management and highly compensated employees. The Plan is intended to be an unfunded plan of deferred compensation and is not intended to be covered by ERISA.

The purpose of the Plan was to permit eligible employees to defer from 5% to 100% of their salary and up to 100% of their

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bonus (both in 5% increments). The deferred amount was invested in common stock of the Company. Participants were immediately vested in their contributions and earnings thereon, subject to applicable withholding taxes. The Company matched 4.5% of employee contributions. A participant was immediately vested in Company contributions and earnings.

The Plan was administered by a committee of three or more employees of the Company appointed by the Board of Directors (the "Committee"). Merrill Lynch Trust Company (the "Trustee") acted as trustee and recordkeeper for the Plan. On October 1, 2003, Fidelity Management Trust Company became trustee and recordkeeper for the Plan.

Participation in the Plan is limited to eligible individuals, other than nonresident aliens of the United States receiving no United States source income within the meaning of sections 861(a)(3) or 911(d)(2) of the Internal Revenue Code, designated by the Committee, who are employees of a unit of the Company (or of one of its subsidiaries) which has adopted the Plan.

Effective January 1, 2003, no future salary or bonus deferrals were permitted under this plan.

### Distributions

Deferred accounts will be paid in shares of common stock to the participant or his or her beneficiary, except that awards deferred pursuant to special elections will continue to be subject to the forfeiture provisions of the incentive plan under which the award was granted. Deferred amounts generally will be paid in the form of (i) a lump sum payment, (ii) in five approximately equal annual installments or (iii) in ten approximately equal annual installments, as elected by the participant at the time of the deferred salary election, deferred bonus election or special election; provided, however, that payments shall only be in a single lump sum in the case that payment commences (i) while the participant is still an employee of the Company or of a subsidiary of the Company or (ii) due to termination for cause.

If the participant suffers permanent or total disability, dies, or terminates employment prior to the deferral date, then, except in the case of termination for cause, payment shall be made (or begin to be made) following the occurrence of the event making payment necessary or, if so elected in the deferred salary election and/or deferred bonus election, on January 31st of the calendar year immediately following such event.

The Company reserves the right to amend, modify, or terminate the Plan at any time. No amendment to or termination of the Plan will impair any rights to benefits that have accrued. Upon a Change of Control (as defined by Plan documents), the amount of a participant's Deferred Accounts shall be distributed to such participant as soon as practicable thereafter and any Deferred Salary Election and/or Deferred Bonus Election shall terminate and be null and void following such Change of Control.

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Participants should refer to the Plan document for a more complete description of the Plan's provisions.

### 2. Summary of Significant Accounting Policies

#### Method of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting, except for benefit payments, which are recorded when paid. The preparation of the Plan financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

#### Investment Valuation and Income Recognition

The common stock of the Company is valued at fair value which is determined based on quoted market prices.

Dividend income is accrued on the ex-dividend date.

Purchases and sales of common stock and realized gains and losses are recorded on a trade-date basis.

#### Payment of Benefits

Distributions to participants are recorded upon actual payment of benefits. There were no distributions of the Company's common stock approved and payable at December 31, 2003 and December 31, 2002.

### 3. Administration of Plan Assets

The Plan's assets, which consist of the Company's common stock, are held by the Trustee of the Plan. Contributions are held and managed by the Trustee, which invests cash received and dividend income and makes distributions to the participants.

Certain administrative functions are performed by officers or employees of the Company or its subsidiaries. No such officer or employee receives compensation from the Plan. Administrative expenses for the Trustee's fees are paid by the Company.

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### 4. Investments

The Plan's investments were:

	December 31,	
	2003	2002
Number of Shares of Company Stock	420,212	440,567
Historical Cost	\$ 8,637,853	\$ 8,979,133
Market	\$ 5,328,293	\$ 4,194,193

5. Subsequent Events

On March 29, 2004, Lyondell Chemical Company ("Lyondell") and the Company announced that their Boards of Directors had approved, and the companies had executed, a definitive agreement for a stock-for-stock business combination of the companies, expected to be tax-free to the Company, Lyondell and their respective shareholders.

The Company's shareholders will receive between 0.95 and 1.05 shares of Lyondell common stock for each share of the Company's common stock, depending on the volume-weighted average price for the Lyondell shares for the 20 trading days ending on the third trading day before closing. The Company's shareholders will receive 0.95 shares of Lyondell stock if the average Lyondell stock price is \$20.50 per share or greater and 1.05 shares if it is \$16.50 per share or less. Between the two prices, the exchange ratio varies proportionately. The new shares will be entitled to receive the same cash dividend as existing outstanding Lyondell shares.

The transaction is subject to customary conditions, including approval by both companies' shareholders and receipt of required regulatory approvals and amendments to each of Lyondell's and the Company's credit agreements and Lyondell's receivables sales facility. The transaction is expected to close in the third quarter of 2004. The transaction involves the merger of Millennium Subsidiary LLC, a newly created subsidiary of the Company, into the Company, in which the Company's common stock now held by its public shareholders will be converted into common stock of Lyondell, and the Company's preferred stock to be issued to Lyondell immediately before the merger will be converted into common stock of the surviving entity. As a result, the Company will become a wholly-owned subsidiary of Lyondell.

As with all of the Company's outstanding common stock prior to the business combination, upon the closing of the transaction, any of the Company's common stock held by the Plan will be converted into shares of Lyondell common stock pursuant to the predetermined exchange ratio as described above.

SIGNATURES

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 by the undersigned thereunto duly authorized.

MILLENNIUM CHEMICALS INC. SALARY AND  
BONUS DEFERRAL PLAN

Dated: June 28, 2004

By: /s/ C. William Carmean  
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C. William Carmean  
Member, Benefits Administration  
Committee