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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 333-13143

A. Full title of the Plan and the address of the
Plan, if different from that of the issuer named below:

MILLENNIUM SAVINGS AND INVESTMENT 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

Annual Report on Form 11-K

Item 4

Financial Statements

Millennium Savings and Investment Plan

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December 31, 2003 and 2002

Millennium Savings and Investment Plan

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* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under The Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Millennium Savings and Investment Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Millennium Savings and Investment Plan (the "Plan") at December 31, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our

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responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedules of Assets (Held at End of Year) and of Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
Philadelphia, PA
June 28, 2004

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Millennium Savings and Investment Plan Statements of Net Assets Available for Benefits (dollars in millions)

	December 31,	
	2003	2002
Assets		
Investments:		
Common Stock	\$ 2.6	\$ 2.0
Millennium Chemicals Inc. common stock	22.8	19.7
Mutual Funds	50.0	33.4
Short-Term Investments	27.6	30.3
Participant Loans	3.5	3.2
	106.5	88.6
Receivables:		
Participants' Contributions	0.2	-
Employer's Contributions	0.2	-
	0.4	-
Total Receivables	0.4	-

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Net Assets Available for Benefits	----- \$106.9 =====	----- \$ 88.6 =====
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The accompanying notes are an integral part of these financial statements.

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Millennium Savings and Investment Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2003
(dollars in millions)

Investment Income:		
Dividend income		\$ 0.9
Interest income		0.2
Net appreciation in fair value of investments		18.0

Total Investment Income		19.1

Contributions:		
Participants' contributions		8.2
Employer's contributions		4.2

Total Contributions		12.4

Total Additions		31.5

Benefits paid to participants		(13.2)

Net increase		18.3

Net Assets Available for Benefits at beginning of year		88.6

at end of year		\$ 106.9
		=====

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

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Millennium Savings and Investment Plan
Notes to Financial Statements

1. Description of the Plan

The following description of the Millennium Savings and Investment Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

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General

The Plan is a defined contribution plan available to all United States employees, 21 years or older, of Millennium Chemicals Inc. (the "Company") who are regular, full-time, non-represented employees; part-time employees that have worked 1,000 hours; and certain regular, full-time represented employees that are covered under a collective bargaining agreement that allows eligibility into the Plan. A participant is eligible to participate effective immediately.

Contributions

Each year, participants may contribute up to 30% of eligible compensation in 1% increments for contribution into the Plan on a pre-tax basis. Prior to January 1, 2003, participants could contribute up to 17% of eligible compensation. The Plan sponsor matches 75% of the first 6% of employee contributions. The Company contribution is funded with Millennium Chemicals Inc. common stock. Contributions are recorded when withheld from participants by the Plan sponsor and are deposited twice each month. Effective January 1, 2003, participants have the choice to retain their company match account within the Millennium Chemicals Stock Fund, or sell the stock and transfer the proceeds into one or more of the other investment options offered by the Plan, subject to Plan provisions. The maximum pre-tax contribution allowed by the Internal Revenue Service was \$12,000 and \$11,000 for 2003 and 2002, respectively.

Vesting

Participants are immediately vested in their contributions, company contributions and earnings thereon.

Trust

Fidelity Management Trust Company ("Fidelity") is the recordkeeper and trustee of the Plan.

Distributions and Loans

Distributions of any participant's vested account balance may be made upon the participant attaining certain age requirements, termination of employment, death, permanent disability, termination of the Plan or a change in control as defined in the Plan document. Participants are permitted to make hardship withdrawals if certain criteria are met. Generally, only one withdrawal of any type is allowed in a 12-month period.

Participants may borrow against their account balance. The minimum amount a participant may borrow is \$1,000. Total loans to a participant cannot exceed the lesser of \$50,000 or 50% of the participant's account balance. The amount of any loan will be withdrawn in a ratio that is proportionate to the participant's balance in each investment fund. Loans shall bear interest at the prime lending rate (at the date of the loan) plus 1% and are repayable within 5 years from the date of borrowing, with the exception of loans in excess of \$15,000 used to acquire a primary residence, which are repayable over a period of up to 10 years. As loans are repaid, both the principal and interest are deposited to the participant's current investment fund elections. A portion of a participant's investment account is pledged as collateral for the loan.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Valuation of Investments and Income Recognition

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. For those securities with no quoted market prices, fair value is estimated by the Trustee. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end.

The Plan sponsor, the Benefits Administration Committee and Plan Trustee do not take responsibility for the investment decisions of individual participants.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Capital gain distributions are included in dividend income.

Benefit Payments

Benefit payments are recorded when paid.

Administrative Expenses

Trustee and Plan administration expenses are paid by the Company. Transaction fees are paid by the participant.

Use of Estimates

The preparation of the Plan financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Risks and Uncertainties

The Plan provides for various investment options in funds, which includes a combination of stocks, bonds, fixed income securities, mutual funds and other investment securities. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

3. Plan Termination

Although the Plan sponsor has not expressed any intent to terminate the Plan, it has the right to do so at any time, subject to the provisions of ERISA.

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4. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits as reported in these financial statements to the Form 5500:

	December 31, 2003

Net assets available for benefits as reported in these financial statements	\$ 106.9
Less:	
Loan amounts that have been deemed distributed	-

Net assets available for benefits per Form 5500	\$ 106.9
	=====

5. Investments in Excess of 5% of Assets

The following individual investments represented more than 5% of Plan assets at December 31, 2003:

Fidelity Retiree Money Market Fund.....	\$ 26.5
Millennium Chemicals Inc. Stock.....	22.8
Fidelity Mid-Cap Fund.....	10.7
Spartan US Equity Index Fund.....	8.2
Fidelity Freedom 2030 Fund.....	7.1

The following individual investments represented more than 5% of Plan assets at December 31, 2002:

Fidelity Retiree Money Market Fund.....	\$ 28.9
Millennium Chemicals Inc. Stock.....	19.7
Fidelity Mid-Cap Fund.....	8.0
Fidelity Freedom 2030 Fund.....	5.8
Spartan US Equity Index Fund.....	5.6

During 2003, the Plan's investments (including gains and losses on investments bought, sold, and held during the year) appreciated in value by \$18.0 as follows:

Common stock	\$.7
Millennium Chemicals Inc. common stock	6.7
Mutual funds	10.3
Short-term investments	.3

	\$ 18.0
	=====

The employer matching portion of the Millennium Chemicals Stock Fund is non-participant directed, except as noted in Note 1.

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6. Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

	December 31,	
	2003	2002
Net Assets:		
Millennium Chemicals Inc.		
common stock	\$ 22.8	\$ 19.7
Short-Term investments	.3	.5
	\$ 23.1	\$ 20.2
	=====	=====

	Year Ended December 31, 2003	
Changes in Net Assets:		
Net appreciation	\$ 6.7	
Contributions	4.7	
Benefits paid	(2.8)	
Interfund transfers	(5.7)	
	\$ 2.9	
	=====	

7. Related-Party Transactions

Certain Plan investments are shares of mutual funds managed by Fidelity, trustee and recordkeeper of the Plan, and shares of the Company's common stock, sponsor of the Plan, therefore, these transactions qualify as party-in-interest transactions.

8. Tax Status

The Internal Revenue Service (IRS) has issued a determination letter dated December 2, 2002, indicating that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the Plan is not subject to tax under Section 501(a) of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan Sponsor and the Plan's tax counsel believe that the Plan is designed and operated in compliance with the applicable requirements of the IRC. Accordingly, no provision for federal income taxes has been made.

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9. 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

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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.

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Schedule H, Line 4i - Schedule of Assets (Held At End of Year) December 31, 2003

Identity of Issuer, Borrower or Similar Party	Description of Investments Including Maturity Date, Rate of Interest Par or Maturity Value	Cost	Market Value

BROKERAGELINK			
Common Stock			\$2,581,080
Mutual Funds			3,172,262
Government Debt			12,829
Rights and Warrants			1,334
Cash and Money Market			854,378
*Millennium Chemicals Inc. Stock	Common Stock	\$26,495,615	22,842,754
PIMCO Total Return Adm	Registered Investment Company		2,340,596
PIMCO High Yield Adm	Registered Investment Company		470,523
LM Value Trust FI CL	Registered Investment Company		898,821
*Fidelity Equity Inc.	Registered Investment Company		909,366
*Fidelity Growth Co	Registered Investment Company		997,572

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*Fidelity Grow & Inc.	Registered Investment Company	663,685
*Fidelity Low PR STK	Registered Investment Company	2,804,165
*Fidelity Diversity Intl	Registered Investment Company	4,967,967
*Fidelity Mid-Cap Stock	Registered Investment Company	10,658,929
*Fidelity Freedom Income	Registered Investment Company	141,275
*Fidelity Freedom 2000	Registered Investment Company	230,762
*Fidelity Freedom 2010	Registered Investment Company	2,239,505
*Fidelity Freedom 2020	Registered Investment Company	4,189,130
*Fidelity Freedom 2030	Registered Investment Company	7,081,173
*Fidelity Retirement		
Money Market	Registered Investment Company	26,458,947
Spartan US Equity Index	Registered Investment Company	8,162,218
*Fidelity Freedom 2040	Registered Investment Company	64,576
Short Term Investments		310,709
Participant loans	Interest rates ranging from 4.75% - 10.5%, maturity dates ranging from July 16, 2004 to May 13, 2013	3,487,961 -----
		\$106,542,517 =====

* Indicates a party-in-interest as defined by ERISA.

Information certified as accurate and complete by Fidelity Management Trust Company.

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Millennium Savings and Investment Plan
Schedule H, Line 4j - Schedule of Reportable Transactions -
Cumulative Transactions by Issue
December 31, 2003

Security Description	Disposed			Acquired	
	Sales	Proceeds	Gain/ (Loss)	Purchases	Cost
* Millennium Chemical Common Stock	109	8,182,015	(4,363,538)	36	5,230,803

* Indicates a party-in-interest as defined by ERISA.

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SIGNATURES

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

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MILLENNIUM SAVINGS & INVESTMENT PLAN

Dated: June 28, 2004

By: /s/ C. William Carmean

C. William Carmean

Member, Benefits Administration Committee

EXHIBIT INDEX

EXHIBIT

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23 Consent of PricewaterhouseCoopers LLP,
 independent accountants, Philadelphia, Pennsylvania