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SCHERING PLOUGH CORP  
Form 11-K  
June 28, 2004

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 11-K

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

For the fiscal year ended December 31, 2003  
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Commission file number 2-84723  
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THE SCHERING-PLOUGH PUERTO RICO EMPLOYEES' RETIREMENT SAVINGS PLAN  
(Full Title of Plan)

Schering-Plough Corporation  
2000 Galloping Hill Road  
Kenilworth, NJ 07033

(Name of Issuer of Securities Held Pursuant to the Plan and Address of  
Principal Executive Offices)

THE SCHERING-PLOUGH PUERTO RICO  
EMPLOYEES' RETIREMENT SAVINGS PLAN

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All other 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 of  
The Schering-Plough Puerto Rico Employees' Retirement Savings Plan:

We have audited the accompanying statements of net assets available for benefits of The Schering-Plough Puerto Rico Employees' Retirement Savings Plan (the "Plan") as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets Held at End of Year is presented for the purpose of additional analysis and is not a required part of the basic 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 schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2003 financial statements, and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP  
Parsippany, New Jersey  
June 25, 2004

THE SCHERING-PLOUGH PUERTO RICO  
EMPLOYEES' RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2003 AND 2002

	2003 ----	2002 ----
INVESTMENTS:		
Vanguard funds	\$20,279,825	\$15,470,824
Schering-Plough stock fund	2,913,363	3,125,535
Loan fund	1,826,086	1,912,905
	-----	-----
TOTAL INVESTMENTS	25,019,274	20,509,264
Participant contributions receivable	185,594	119,727
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$25,204,868	\$20,628,991
	=====	=====

See Notes to Financial Statements.

THE SCHERING-PLOUGH PUERTO RICO  
EMPLOYEES' RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
YEAR ENDED DECEMBER 31, 2003

Additions to net assets attributed to:

Investment income:	
Dividend income, registered investment companies	\$ 303,944
Dividend income, Schering-Plough Stock Fund	88,947
Interest income, participant loans	105,825
Net appreciation in fair value of investments	2,645,291
	-----
Total investment income	3,144,007
Participant contributions	3,058,446
	-----

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Total additions	6,202,453
	-----
Deductions from net assets attributed to:	
Benefits paid to participants	1,626,576
	-----
Increase in net assets	4,575,877
Net assets available for benefits:	
Beginning of year	20,628,991
	-----
End of year	\$25,204,868
	=====

See Notes to Financial Statements.

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THE SCHERING-PLOUGH PUERTO RICO  
EMPLOYEES' RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The Schering-Plough Puerto Rico Employees' Retirement Savings Plan (the "Plan") is a defined contribution plan established effective April 1, 1990. The Plan is intended to encourage retirement savings by eligible employees of Schering-Plough Products LLC (the "Sponsor" or the "Company") and any of its affiliated companies that adopt the Plan. Vanguard Fiduciary Trust Company ("Vanguard"), the recordkeeper, is a trust company incorporated under Chapter 10 of the Pennsylvania Banking Code, and a wholly-owned subsidiary of The Vanguard Group, Inc. Banco Santander serves as the Plan's trustee.

Generally, all Puerto Rico employees of Schering-Plough Products LLC and Schering-Plough del Caribe, Inc. are eligible to participate in the Plan on the date of employment. The participants may elect to have their salary deferral contributions allocated to any of the investment funds available under this Plan.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

**SALARY DEFERRAL CONTRIBUTIONS** - The Plan is designed to permit eligible employees to elect to have a portion of their salary contributed to the Plan on their behalf ("Salary Deferral Contributions"). Under the provisions of the Plan, Salary Deferral Contributions can range from 1% to 10% of the employee's earnings, in increments of 1%, subject to certain regulated limits. Salary Deferral Contributions and any earnings accrued thereon are fully and immediately vested to the participant.

**PARTICIPANT ACCOUNTS AND VESTING** - Each participant's account is credited

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with the participant's contribution and allocations of Plan earnings (losses). Allocations are based on participant earnings or account balances, as defined. Participants have a non-forfeitable right to their contributions plus (minus) actual earnings (losses) thereon which vest fully and immediately.

INVESTMENT OPTIONS - Upon enrollment in the Plan, participants may direct their contributions into any of the following Vanguard investment options:

- Vanguard 500 Index Fund Investor Shares
- Vanguard Explorer Fund Investor Shares
- Vanguard Intermediate-Term Corporate Fund Investor Shares
- Vanguard International Growth Fund Investor Shares
- Vanguard LifeStrategy Conservative Growth Fund
- Vanguard LifeStrategy Growth Fund
- Vanguard LifeStrategy Income Fund
- Vanguard LifeStrategy Moderate Growth Fund
- Vanguard Short-Term Corporate Fund Investor Shares
- Vanguard Treasury Money Market Fund
- Vanguard U.S. Growth Fund Investor Shares
- Vanguard Wellington Fund Investor Shares
- Vanguard Windsor Fund Investor Shares

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Participants may also direct their contributions to the:

- Schering-Plough Stock Fund - This fund is comprised of Schering-Plough common stock and a small percentage of cash as required for liquidity purposes. Participants may contribute up to a maximum investment election of 50% of their Salary Deferral Contribution into this fund or allocate no more than 50% of the value of his or her accounts at the time of reallocation to this fund.

Loan Fund - Participants may borrow from their fund accounts up to the lesser of one half of their account or \$50,000 (reduced by any outstanding loans). Loan transactions are treated as a transfer between the investment funds and the Loan Fund. These loans, which are secured by the participants' individual fund accounts, bear a fixed rate of interest as determined to be reasonable by The Schering-Plough Puerto Rico Employees' Retirement Savings Plan Committee, and are repayable over periods not exceeding five years, except loans relating to a principal residence which are repayable over a period not to exceed 20 years.

PAYMENT OF BENEFITS - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount or installments not to exceed the life expectancy of the participant and the participant's beneficiary. For termination of service due to other

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reasons, a participant may receive the value of the account as a lump sum distribution. Alternatively, all participants can elect to defer receipt of their account up to age 70  $-1/2$ . Distribution of all or a portion of a participant's account, prior to termination of employment, may be granted by the Sponsor in the case of financial hardship. Active participants may elect to withdraw all or a portion of their accounts at any time after age 59  $1/2$ .

CHANGES TO PLAN ON JANUARY 1, 2004 - Effective January 1, 2004, the Sponsor amended the Plan to incorporate a company matching contribution. All employees eligible to participate in the Plan will receive a company provided matching contribution (dollar for dollar) on the first 5% of employee Salary Deferral Contributions. The company matching contribution and any earnings accrued thereon are fully and immediately vested.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

The financial statements were prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974 ("ERISA") as permitted by the Securities and Exchange Commission.

**INVESTMENT VALUATION AND INCOME RECOGNITION** - The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end.

The Schering-Plough Stock Fund is valued using the unit accounting method whereby a participant's account value is expressed in units of participation rather than number of shares of Schering-Plough common stock.

The closing stock prices of Schering-Plough Corporation common stock at December 31, 2003 and December 31, 2002 were \$17.39 and \$22.20, respectively.

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Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Dividends received in the Schering-Plough Stock Fund are reinvested in Schering-Plough common stock units.

Participant loans are valued at cost which approximates fair value.

**WITHDRAWALS AND BENEFIT PAYMENTS** - Withdrawals and benefit payments are recorded when paid.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**RISKS AND UNCERTAINTIES** - The Plan provides for various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is

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reasonably possible that changes in value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

### 3. PLAN TERMINATION

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

### 4. TAX STATUS

The Plan was amended and restated effective January 1, 1995. The plan received a favorable determination letter dated February 18, 1997 issued by the Puerto Rico Department of the Treasury stating that the Plan meets the requirements of Section 1165(a) of the Puerto Rico Internal Revenue Code of 1995, as amended (the "PR Code"). The Plan was also amended effective January 1, 1996 and October 1, 1996 pursuant to Amendment No. 2. The Puerto Rico Department of the Treasury issued a favorable determination letter dated April 14, 1997 in connection with the qualification of Amendment No. 2.

The trust of the Plan is intended to be exempt from taxation under Section 1165(a) of the PR Code, and pursuant to Section 1022(i)(1) of the Employee Retirement Income Security Act of 1974, as amended, under Section 501(a) of the United States Internal Revenue Code of 1986, as amended.

As long as the Plan is qualified under the PR Code and related regulations, participants will generally not be taxed on salary-deferred contributions until the year received. In addition, the earnings attributable to such contributions held by the trustee are also generally exempt from taxation until the taxable year in which they are withdrawn by or distributed to the participant.

The Plan's tax counsel believes that the Plan is designed in compliance with the applicable requirements of the Puerto Rico Internal Revenue Code, and the Plan Administrator believes that the Plan is being operated in compliance with the applicable requirements of the Puerto Rico Internal Revenue Code.

### 5. RELATED-PARTY TRANSACTIONS

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Contributions are transmitted from the trustee, Banco Santander, to the recordkeeper, Vanguard, which invests cash received, interest and dividend income and makes distributions to the participants. The recordkeeper also administers the collection of interest and principal on the participant loans. These transactions qualify as permitted party-in-interest transactions.

Certain Plan investments are shares of mutual funds managed by the recordkeeper. These transactions qualify as permitted party-in-interest transactions.

Certain Plan investments are shares of the Company's stock. These transactions qualify as permitted party-in-interest transactions.

Certain administrative functions are performed by officers or employees of the Sponsor who also may be participants in the Plan. These actions qualify as permitted party-in-interest activities. No such officer or

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employee receives compensation from the Plan.

All plan administration expenses are paid by the Sponsor.

6. NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS

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

*Vanguard 500 Index Fund Investor Shares	\$ 1,680,484
*Vanguard Windsor Fund Investor Shares	906,573
*Vanguard Explorer Fund Investor Shares	439,707
*Vanguard Wellington Fund Investor Shares	107,590
*Vanguard International Growth Fund Investor Shares	102,017
*Vanguard U.S. Growth Fund Investor Shares	26,158
*Vanguard LifeStrategy Moderate Growth Fund	24,923
*Vanguard LifeStrategy Growth Fund	21,987
*Vanguard LifeStrategy Conservative Growth Fund	8,331
*Vanguard LifeStrategy Income Fund	6,404
*Vanguard Short-Term Corporate Fund Investor Shares	1,722
*Vanguard Intermediate-Term Corporate Fund Investor Shares	(600)
*Schering-Plough Stock Fund	(680,005)
Net Appreciation in Fair Value of Investments	\$ 2,645,291 =====

\*Permitted party-in-interest to the Plan.

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7. INVESTMENTS

The following investments represented 5% or more of the Plan's net assets available for benefits at:

	December 31, 2003	2002
	----	----
***Vanguard 500 Index Fund Investor Shares	\$8,128,468	\$5,901,432
***Vanguard Windsor Fund Investor Shares	3,523,905	2,528,752
***Vanguard Treasury Money Market Fund	2,945,416	2,937,481
***Schering-Plough Stock Fund	2,913,363	3,125,535
***Loan Fund	1,826,086	1,912,905
***Vanguard Explorer Fund Investor Shares	1,800,510	* *
***Vanguard Short-term Corporate Fund Investor Shares	*	1,155,091

\* This fund did not exceed 5% as of December 31, 2003.



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\*\* This fund did not exceed 5% as of December 31, 2002.

\*\*\*Permitted party-in-interest to the Plan.

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THE SCHERING-PLOUGH PUERTO RICO  
EMPLOYEES' RETIREMENT SAVINGS PLAN

SCHEDULE H

FORM 5500, SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

AS OF DECEMBER 31, 2003

Employer Identification Number: 52-2170309

Plan number: 002

	Identity of Issuer, Borrower, Lessor or Similar Party -----	Description of investment including maturity date, rate of interest, collateral, par or maturity value -----	Current Value -----
*	Vanguard	500 Index Fund Investor Shares	\$ 8,128,468
*	Vanguard	Windsor Fund Investor Shares	3,523,905
*	Vanguard	Treasury Money Market Fund	2,945,416
*	Vanguard	Explorer Fund Investor Shares	1,800,510
*	Vanguard	Short-Term Corporate Fund Investor Shares	1,116,410
*	Vanguard	Intermediate -Term Corporate Fund Investor Shares	854,501
*	Vanguard	Wellington Fund Investor Shares	850,558
*	Vanguard	International Growth Fund Investor Shares	440,804
*	Vanguard	LifeStrategy Moderate Growth Fund	178,380
*	Vanguard	LifeStrategy Growth Fund	133,306
*	Vanguard	U.S. Growth Fund Investor Shares	126,716
*	Vanguard	LifeStrategy Income Fund	101,194
*	Vanguard	LifeStrategy Conservative Growth Fund	79,657
		Total Vanguard Registered Investment Company Funds	20,279,825
*	Schering -	Schering-Plough Stock Fund	2,913,363

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Plough  
Corporation

* Various participants	Outstanding loan balance (interest rates ranging from 5.25% to 6.50%, maturing from 1 to 20 years)	1,826,086 -----
	Total Assets Held at End of Year	\$25,019,274 =====

\*Permitted party-in-interest to the Plan.

Cost information is not required for participant-directed investments and therefore is not included.

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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) have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

The Schering-Plough Puerto Rico Employees'  
Retirement Savings Plan

Date: June 28, 2004  
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By: /s/ Vincent Sweeney  
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Name: Vincent Sweeney  
Title: Plan Administrator

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