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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

Commission file number 2-84723

SCHERING-PLOUGH EMPLOYEES' SAVINGS PLAN  
(Full Title of Plan)

Schering-Plough Corporation  
2000 Galloping Hill Road  
Kenilworth, New Jersey 07033  
(Name of Issuer of Securities Held Pursuant to the Plan and Address of  
Principal Executive Offices)

SCHERING-PLOUGH EMPLOYEES' 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 Employees' Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Schering-Plough Employees' 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

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SCHERING-PLOUGH EMPLOYEES' SAVINGS PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2003 AND 2002  
(\$ in 000's)

	2003	2002
	-----	-----
INVESTMENTS:		
Vanguard funds	\$379,973	\$285,327
Schering-Plough stock fund	80,604	95,575

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Loan fund	7,797	8,067
	-----	-----
TOTAL INVESTMENTS	468,374	388,969
Participant contributions receivable	61	98
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$468,435	\$389,067
	=====	=====

See Notes to Financial Statements.

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SCHERING-PLOUGH EMPLOYEES' SAVINGS PLAN  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 YEAR ENDED DECEMBER 31, 2003  
 (\$ in 000's)

Additions to net assets attributed to:

Investment income:	
Dividend income, registered investment companies	\$ 5,090
Dividend income, Schering-Plough Stock Fund	2,515
Interest income, participant loans	554
Net appreciation in fair value of investments	46,561
	-----
Total investment income	54,720
Participant contributions	55,163
	-----
Total additions	109,883
	-----

Deductions from net assets attributed to:

Benefits paid to participants	30,515
	-----
Increase in net assets	79,368
Net assets available for benefits:	
Beginning of year	389,067
	-----
End of year	\$468,435
	=====

See Notes to Financial Statements.

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(\$ in 000's except per share amounts)

SCHERING-PLOUGH EMPLOYEES' SAVINGS PLAN  
 NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

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The Schering-Plough Employees' Savings Plan (the "Plan") is a defined contribution plan available to all United States employees of Schering-Plough Corporation (the "Company") and its participating subsidiaries. Generally, all such employees are eligible to participate in the Plan on the date of employment. Schering Corporation, a subsidiary of the Company, is the Plan's Sponsor.

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** - Each year participants may contribute from 1% to 50% of pretax annual compensation, up to an annual IRS maximum. Highly compensated employees are limited to 6% of pretax annual compensation, up to an annual IRS maximum. Catch up contributions are available to employees over age 50.

**PARTICIPANT ACCOUNTS AND VESTING** - Each participant's account is credited with the participant's contribution and earnings and (losses) thereon. 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 Fiduciary Trust Company ("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

Participants may also direct their contribution 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

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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 (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 Employee Benefits 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, 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. Alternatively, 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 70.

CHANGES TO PLAN ON JANUARY 1, 2004 - Effective January 1, 2004, the Plan Sponsor amended the Plan to incorporate a company contribution and a company match. All employees eligible to participate in the Plan will receive a company contribution of 3% of eligible earnings, whether they elect to participate in the Plan or not. For employees who elect to participate in the Plan, the Company will make a matching contribution (dollar for dollar) on the first 2% of employee salary deferral contributions. The company matching contribution, and any earnings accrued thereon, are fully and immediately vested. In addition, contributions from highly compensated employees will no longer be limited to 6% of pretax annual compensation, but are subject to an annual IRS maximum.

### 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.

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(\$ in 000's except per share amounts)

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.

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

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ex-dividend date. Dividends recorded 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 reasonably possible that changes in the 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 Internal Revenue has determined and informed the sponsor by letter dated May 30, 2003 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan's tax counsel believes that the Plan is designed in compliance with the applicable requirements of the IRC, and the Plan Administrator believes that the Plan is being operated in compliance with the applicable requirements of the IRC.

### 5. RELATED-PARTY TRANSACTIONS

Contributions are held and managed by The Vanguard Group, Inc. (the "Trustee"), which invests cash received, interest and dividend income and makes distributions to the participants. The Trustee also administers the participant's payment of interest and principal on participant loans. These transactions qualify as permitted party-in-interest transactions.

Certain Plan investments are shares of mutual funds managed by the Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc. The Vanguard Group, Inc. is

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(\$ in 000's except per share amounts)

the trustee as defined by the Plan. 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 Company or its subsidiaries who may also be participants in the Plan. These actions qualify as permitted party-in-interest activities. No such officer or employee receives compensation from the Plan.

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All plan administration expenses are paid by the Company.

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

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

*Vanguard Windsor Fund Investor Shares	\$26,421
*Vanguard 500 Index Fund Investor Shares	14,248
*Vanguard Explorer Fund Investor Shares	13,531
*Vanguard Wellington Fund Investor Shares	6,173
*Vanguard International Growth Fund Investor Shares	3,396
*Vanguard U.S. Growth Fund Investor Shares	1,441
*Vanguard LifeStrategy Growth Fund	1,036
*Vanguard LifeStrategy Moderate Growth Fund	612
*Vanguard LifeStrategy Conservative Growth Fund	223
*Vanguard LifeStrategy Income Fund	156
*Vanguard Intermediate-Term Corporate Fund Investor Shares	15
*Vanguard Short-Term Corporate Fund Investor Shares	7
*Schering-Plough Stock Fund	(20,698)
	-----
Net Appreciation in Fair Value of Investments	\$46,561
	=====

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

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(\$ in 000's except per share amounts)

### 7. INVESTMENTS

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

	December 31,	
	2003	2002
	-----	-----
*Vanguard Windsor Fund Investor Shares	\$102,945	\$ 73,521
*Schering-Plough Stock Fund	80,604	95,575
*Vanguard 500 Index Fund Investor Shares	71,754	50,004
*Vanguard Treasury Money Market Fund	56,648	57,426
*Vanguard Explorer Fund Investor Shares	46,113	29,687
*Vanguard Wellington Fund Investor Shares	42,944	33,465

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

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SCHEDULE H

SCHERING-PLOUGH CORPORATION EMPLOYEES' SAVINGS PLAN  
 FORM 5500, SCHEDULE H, PART IV, LINE 4 i - SCHEDULE OF ASSETS  
 (HELD AT END OF YEAR)  
 AS OF DECEMBER 31, 2003  
 EMPLOYER IDENTIFICATION NUMBER: 22-1261880  
 PLAN NUMBER: 003

(\$ in 000's)

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	Windsor Fund Investor Shares	\$ 102,945
* Vanguard	500 Index Fund Investor Shares	71,754
* Vanguard	Treasury Money Market Fund	56,648
* Vanguard	Explorer Fund Investor Shares	46,113
* Vanguard	Wellington Fund Investor Shares	42,944
* Vanguard	International Growth Fund Investor Shares	14,055
* Vanguard	Short-Term Corporate Fund Investor Shares	12,153
* Vanguard	Intermediate-Term Corporate Fund Investor Shares	9,477
* Vanguard	U.S. Growth Fund Investor Shares	7,893
* Vanguard	LifeStrategy Growth Fund	6,048
* Vanguard	LifeStrategy Moderate Growth Fund	4,699
* Vanguard	LifeStrategy Income Fund	2,846
* Vanguard	LifeStrategy Conservative Growth Fund	2,398
	Total Vanguard Registered Investment Company Funds	----- 379,973
* Schering-Plough Corporation	Schering-Plough Stock Fund	80,604
* Various participants	Outstanding Loan Balance (interest rates ranging from 5.25% to 6.00%, maturing from 1 to 20 years)	7,797
	Total Assets Held at End of Year	----- \$ 468,374 =====

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

Cost information is not required for participant-directed investments and

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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.

Schering-Plough Employees' Savings Plan

Date: June 28, 2004

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By: /s/ Vincent Sweeney

Name: Vincent Sweeney

Title: Plan Administrator

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