

QUEST DIAGNOSTICS INC
Form 4
June 09, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GLAXOSMITHKLINE PLC

2. Issuer Name and Ticker or Trading Symbol
QUEST DIAGNOSTICS INC
[DGX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
980 GREAT WEST ROAD

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
06/07/2006

____ Director
____ Officer (give title below)
__X__ 10% Owner
____ Other (specify below)

BRENTFORD
MIDDLESEX, X0 TW8 9GS

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)
Common Stock				(A) or (D)	36,504,308 (7)	I	by Corporation (6)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	06/07/2006	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	Common Stock	2,000,000
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	06/07/2006	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	Common Stock	2,000,000
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	06/07/2006	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	Common Stock	2,000,000
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	06/07/2006	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	Common Stock	2,000,000
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	06/07/2006	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u>	Common Stock	2,000,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

GLAXOSMITHKLINE PLC
 980 GREAT WEST ROAD
 BRENTFORD MIDDLESEX, X0 TW8 9GS

X

Signatures

Donald F. Parman, Vice President & Assoc General
 Counsel

06/09/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On May 21, 2002, SmithKline Beecham Corporation ("SKB") and Lehman Brothers Finance S.A. ("Lehman") entered into five transactions (each, a "Transaction") governed by an ISDA Master Agreement, each of which initially related to 1,000,000 shares of Common Stock of the Issuer (the "Shares"). At the time of extension described below, each Transaction related to 2,000,000 Shares as a result of a stock split on June 20, 2005.

(2) On June 7, 2006, each Transaction was extended. As extended, the Transactions provide for SKB to deliver to Lehman, for settlement on November 11, 2010 ("Transaction 1"), August 10, 2012 ("Transaction 2"), April 12, 2010 ("Transaction 3"), June 10, 2011 ("Transaction 4") and January 12, 2012 ("Transaction 5"), a number of Shares (the "Settlement Shares") to be determined based on the formula described in the Reporting Person's filing on Form 4 dated June 8, 2002, as follows: If the price of the Shares determined near the original settlement date of a Transaction (the "Final Price") is at or below a specified Depreciation Floor (\$41.19 per Share for Transaction 1, \$40.60 for Transaction 2, \$41.30 for Transaction 3, \$40.96 for Transaction 4 and \$40.73 for Transaction 5), SKB will be obligated to deliver all the Shares underlying that particular Transaction.

(3) If the Final Price is above the specified Depreciation Floor and at or below a specified Appreciation Cap as defined in each Transaction (\$53.49 per Share for Transaction 1, \$60.98 for Transaction 2, \$52.08 for Transaction 3, \$55.38 for Transaction 4 and \$57.68 for Transaction 5), SKB will be obligated to deliver a number of Shares equal to the number of Shares underlying that particular Transaction multiplied by the Depreciation Floor divided by the Final Price. If the Final Price is above the specified Appreciation Cap, SKB will be obligated to deliver a number of Shares equal to the number of Shares underlying that particular Transaction multiplied by (i) 1.0 minus (ii) (a) the Appreciation Cap minus the Depreciation Floor divided by (b) the Final Price.

(4) In any case, Lehman is obligated to pay SKB under each Transaction upon settlement an amount equal to the sum of (i) the product of (A) the Settlement Shares multiplied by (B) the lesser of (x) the Extended Appreciation Cap (\$63.88 for Transaction 1, \$67.28 for Transaction 2, \$62.75 for Transaction 3, \$65.02 for Transaction 4, \$66.15 for Transaction 5) and (y) the greater of (1) the Extended Depreciation Floor (\$49.57) and (2) the price of the Shares determined near the extended settlement date of a Transaction (the "Extended Final Price"), plus (ii) the product of (A) the excess of 2,000,000 over the Settlement Shares multiplied by (continued in footnote 5)

(5) (B) if (x) the Extended Final Price is less than or equal to the Extended Depreciation Floor, the Extended Depreciation Floor minus the Extended Final Price, (y) the Extended Final Price is greater than the Extended Appreciation Cap, the Extended Appreciation Cap minus the Extended Final Price or (z) if the Extended Final Price is greater than the Extended Depreciation Floor and less than or equal to the Extended Appreciation Cap, zero. The Adjustment Letter evidencing the extension of the Transactions will be filed as an Exhibit to Amendment No. 5 to Schedule 13D to be filed by the Reporting Person.

(6) Shares are held of record by SKB, a wholly owned subsidiary of Reporting Person.

(7) Adjusted to reflect the two-for-one stock split effected by the Issuer on June 20, 2005.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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