

QUEST DIAGNOSTICS INC

Form 4

February 20, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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(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)
02/15/2007

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

BRENTFORD
MIDDLESEX, X0 TW8 9GS

(City) (State) (Zip)

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

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 Indirect Beneficial Ownership (Instr. 4)
Common Stock				(A) or (D)	36,504,308	I	by Corporation (5)

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

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information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
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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)	8. Pr Deri Secu (Instr		
				Code	V (A) (D)	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>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	02/15/2007		J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)(2)(3)(4)</u>	<u>(1)(2)(3)(4)</u>	Common Stock	2,000,000	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	02/15/2007		J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)(2)(3)(4)</u>	<u>(1)(2)(3)(4)</u>	Common Stock	2,000,000	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	02/15/2007		J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)(2)(3)(4)</u>	<u>(1)(2)(3)(4)</u>	Common Stock	2,000,000	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	02/15/2007		J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)(2)(3)(4)</u>	<u>(1)(2)(3)(4)</u>	Common Stock	2,000,000	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>
Contract to Sell <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	02/15/2007		J	0 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	<u>(1)(2)(3)(4)</u>	<u>(1)(2)(3)(4)</u>	Common Stock	2,000,000	<u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>

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

02/20/2007

__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) SmithKline Beecham Corporation ("SKB"), a wholly owned subsidiary of the Reporting Person, and Lehman Brothers Finance S.A. ("Lehman") have entered into an ISDA Master Agreement (including the Schedule and Credit Support Annex thereto), dated as of May 21, 2002, as amended as of May 22, 2002 and February 15, 2007 (collectively, the "ISDA Master Agreement"). On February 15, 2007, SKB and Lehman entered into five transactions (each, a "Transaction") governed by the ISDA Master Agreement (the confirmations evidencing the Transactions, along with the ISDA Master Agreement, the "Agreement") relating to a total of 10,000,000 shares of Common Stock of the Issuer (the "Shares").

(2) SKB has agreed to sell to Lehman, for settlement on dates ranging from February 27, 2013 through March 12, 2013 ("Transaction 1"), September 27, 2013 through October 10, 2013 ("Transaction 2"), April 29, 2014 through May 12, 2014 ("Transaction 3"), November 28, 2014 through December 11, 2014 ("Transaction 4") and June 30, 2015 through July 13, 2015 ("Transaction 5"), a number of Shares to be determined based on a formula. SKB has the right to cash settle the Transactions by paying an amount in cash equal to the value of the Shares it would otherwise be obligated to deliver.

(3) The number of Shares to be delivered will be determined based on a formula as follows. If the price of the Shares determined near the settlement date of a Transaction (the "Final Price") is at or below a specified Depreciation Floor (\$52.5720 as defined in each Transaction), SKB will be obligated to deliver all the Shares underlying that particular Transaction. If the Final Price is above the specified Depreciation Floor and at or below a specified Appreciation Cap as defined in each Transaction (\$77.8696 per Share for Transaction 1, \$79.4468 per Share for Transaction 2, \$81.0240 per Share for Transaction 3, \$82.6011 per Share for Transaction 4 and \$84.1783 per Share 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.

(4) 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. In any case, Lehman is obligated to pay SKB \$105,144,000 under each Transaction upon settlement. The second amendment to the ISDA Master Agreement and the confirmations evidencing the Transactions have been filed as Exhibits to Amendment No. 6 to Schedule 13D filed by the Reporting Person on February 16, 2007.

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

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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