

QUEST DIAGNOSTICS INC
Form 4
December 15, 2004

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)
12/14/2004

____ Director
____ Officer (give title below)
 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)
 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 Indirect Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Common Stock	12/14/2004		S	2,700,000 D \$ 94.19	18,252,154	I	by Corporation (4)

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)

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).

As previously reported on Form 4 dated June 7, 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 (along with the Schedule and Credit Support annex thereto, the "ISDA Master Agreement") each of which relates to 1,000,000 shares of Common Stock of the Issuer

- (1) (the "Shares"). SKB has agreed to sell to Lehman, for settlement on dates ranging from July 13, 2006 through July 26, 2006 ("Transaction 1"), from December 13, 2006 through December 27, 2006 ("Transaction 2"), from May 11, 2007 through May 24, 2007 ("Transaction 3"), from October 12, 2007 through October 25, 2007 ("Transaction 4"), and from March 13, 2008 through March 27, 2008 ("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. 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 (\$84.55 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

(2) specified Depreciation Floor and at or below a specified Appreciation Cap as defined in each Transaction (\$106.11 per Share for Transaction 1, \$109.15 for Transaction 2, \$113.38 for Transaction 3, \$118.45 for Transaction 4 and \$125.30 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. In any case, Lehman is obligated to pay SKB \$84,550 under each Transaction upon settlement. The ISDA

(3) Master Agreement and the confirmations evidencing the Transactions have been filed as Exhibits to Amendment No. 2 to Schedule 13D filed by the Reporting Person on May 22, 2002. There have been no changes in the holdings of the derivative securities reported on June 7, 2002.

- (4) Shares are held of record by SKB, a wholly owned subsidiary of 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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